



MCCLAIN COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**McCLAIN 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.



August 9, 2023

TO THE CITIZENS OF
McCLAIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of McClain 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

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

Board of County Commissioners

District 1 – Glen Murray
District 2 – Wilson Lyles
District 3 – Terry L. Daniel

County Assessor

Kendal Sacchieri

County Clerk

Pam Beller

County Sheriff

Landy Offolter

County Treasurer

Teresa Jones

Court Clerk

Kristel Gray

District Attorney

Greg Mashburn

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
McCLAIN 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 McClain 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 McClain 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 McClain County as of June 30, 2021, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2023, on our consideration of McClain 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 McClain County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 7, 2023

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 4,111,274	\$ 6,260,172	\$ 486,181	\$ -	\$ 5,564,612	\$ 5,293,015
County Highway Unrestricted	2,847,028	4,632,612	582,168	-	4,465,701	3,596,107
Health	2,040,465	958,927	-	-	406,996	2,592,396
Resale Property	1,063,995	364,632	1,982	-	164,995	1,265,614
County Clerk Lien Fee	543,017	51,012	2,233	-	78,499	517,763
Treasurer Mortgage Certification	194,160	14,900	-	-	4,160	204,900
Sheriff Service Fee	243,380	605,904	106,584	-	642,466	313,402
Free Fair Board	6,105	-	-	-	220	5,885
Assessor Revolving Fee	18,337	3,565	-	-	154	21,748
Trash Cop	12,220	19,219	1,044	-	20,137	12,346
Safe Room Grant	-	875	-	-	875	-
Sheriff Forfeiture	321	-	-	-	-	321
Equitable Sharing-DOJ	199	-	-	-	-	199
Jail	4,949	2,193	-	-	-	7,142
County Clerk Records Management & Preservation	553,758	172,020	-	-	62,939	662,839
Sheriff Drug Restitution	100	-	-	-	-	100
Sheriff Commissary	75,677	145,695	-	-	110,006	111,366
Reward Fund	1,793	100	-	-	-	1,893
Court Clerk Payroll	16,538	143,968	-	-	144,682	15,824
2007 1/2 Cent Sales Tax	21,242	-	-	21,242	-	-
Emergency Management	95,038	33,888	1,640	-	25,501	105,065
Local Emergency Planning Committee	14,641	-	-	-	-	14,641
County Bridge and Road Improvement	402,320	164,644	-	-	145,225	421,739
McCART	1,600	-	-	-	-	1,600
County Donations	250,015	96,587	-	-	53,463	293,139
Emergency Management-ST	116,886	53,099	29,576	-	45,408	154,153
Extension-ST	896,343	185,846	90	-	99,067	983,212
Fair-ST	109,229	106,198	-	-	86,240	129,187
General Gov't-ST	501,116	265,494	-	-	203,559	563,051
Sheriff-ST	123,728	876,254	204,339	200	724,089	480,032
Rural Fire-ST	2,465,522	796,555	21,232	-	393,145	2,890,164
Senior Citizens-ST	509,030	186,102	120	-	169,175	526,077
Economic Development-ST	971,600	185,847	-	-	23,368	1,134,079
Rental of County Property	262,572	94,735	407	-	83,921	273,793
National Association of County & City Health Officials	-	2,500	-	-	2,457	43
COVID Aid and Relief	-	859,979	-	859,979	-	-
Total - All County Funds	\$ 18,474,198	\$ 17,283,522	\$ 1,437,596	\$ 881,421	\$ 13,721,060	\$ 22,592,835

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

McClain 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.

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

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

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

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

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

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

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

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

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

Free Fair Board – accounts for the collection of revenue generated from building rent, booth rental, and other fees and disbursements are for the maintenance and operation of the fair park.

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

Trash Cop – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Safe Room Grant – accounts for grant funds received and disbursed for the purpose of providing rebates for saferooms built within the County.

Sheriff Forfeiture – accounts for the collection of the County Sheriff's percentage of drug forfeitures and state grants and disbursed for law enforcement purposes.

Equitable Sharing-DOJ – accounts for the collection of the County Sheriff's percentage of drug forfeitures and federal grants and disbursed for law enforcement purposes.

Jail – accounts for monies received for housing prisoners to be used for jail operating expenses.

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

Sheriff Drug Restitution – accounts for collections received by court orders for the purpose of drug interdiction.

Sheriff Commissary – accounts for profits on commissary sales in the county jail to be used to improve and provide jail services. Any surplus of this fund not needed for jail purposes may be used for administering expenses for training equipment, travel, or for capital expenditures.

Reward Fund – accounts for fines assessed upon persons convicted of illegal dumping. Disbursed to offer and pay a reward to individuals offering information that leads to an arrest and conviction and offset the cost of any special enforcement programs related preventing littering and illegal dumping.

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

Court Clerk Payroll – accounts for monies transferred from the Court Fund to be used for payroll.

2007 1/2 Cent Sales Tax – accounts for the collection of sales tax revenue. Disbursements are to be used for law enforcement, rural fire protection, emergency management services, extension and 4-H services, senior citizens, economic development, free fair, community center, expo center, and county facilities.

Emergency Management – accounts for grant funds received from Oklahoma Emergency Management and disbursements are for the maintenance and operation of the McClain County Emergency Management Office.

Local Emergency Planning Committee – accounts for the grant funds received from Oklahoma Emergency Management to be used for hazardous materials emergency preparedness training and planning.

County Bridge and Road Improvement – accounts for monies received from Oklahoma Department of Transportation. Monies are earmarked for bridges, roads, and certain improvements for roads.

McCART (McClain County Animal Response Team) – accounts for donations received to help care for displaced animals during times of disaster.

County Donations – accounts for funds donated to McClain County to be disbursed specifically for which the donation was made.

Emergency Management-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for emergency management services.

Extension-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for OSU Extension and 4-H services.

Fair-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for the county free fair.

General Gov't-ST – accounts for the collection of sales tax revenue. Disbursements are to be for general government purposes.

Sheriff-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for law enforcement.

Rural Fire-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for rural fire protection.

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

Senior Citizens-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for senior citizens centers.

Economic Development-ST – accounts for the collection of sales tax revenue. Disbursements are to be used for economic development.

Rental of County Property – accounts for proceeds derived from the rental/lease of county owned property and disbursements are for maintenance and operation of the Expo Center and Community Center.

National Association of County & City Health Officials – accounts for federal grant monies received from the National Association of County and City Health officials to improve the health of communities by strengthening and advocating for local health departments. Disbursements are for a poster quality printer used to promote programs for the county health department.

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief fund for the reimbursement of COVID-19 related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners resolution.

C. Basis of Accounting

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

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

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each

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

officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 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

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

property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

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

D. Sales Tax

Sales Tax of January 1, 2020

Effective January 1, 2020, the voters of McClain County approved to extend the existing one-half of one percent sales tax for a period of eight years to be used for law enforcement (33%), rural fire protection (30%), emergency management services (2%), extension and 4-H services (7%), senior citizens (7%), economic development (7%), free fair (4%), county facilities (10%). These funds are accounted for in the following sales tax funds: Emergency Management-ST, Extension-ST, Fair-ST, General Government-ST, Sheriff-ST, Rural Fire-ST, Senior Citizens-ST, and Economic Development-ST.

E. Interfund Transfers

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

- \$575,000 was transferred from the Emergency Transportation Revolving Fund, (a trust and agency fund) to County Highway Unrestricted fund as a loan used for bridge and road projects in the County.
- \$859,979 was transferred from the COVID Aid and Relief fund for reimbursement of CARES Act expenditures to the following funds:
 - \$486,181 to County General
 - \$7,168 to County Highway Unrestricted
 - \$106,584 to Sheriff Service Fee
 - \$1,982 to Resale Property
 - \$2,233 to County Clerk Lien Fee
 - \$1,044 to Trash Cop
 - \$1,640 to Emergency Management
 - \$29,576 to Emergency Management-ST
 - \$204,339 to Sheriff-ST
 - \$407 to Rental of County Property
 - \$18,825 to 911 Phone Fees (a trust and agency fund)
- \$21,242 was transferred from the 2007 1/2 cent Sales Tax fund for a prior year error correction to the following funds:
 - \$21,032 to Rural Fire-ST
 - \$120 to Senior Citizens-ST
 - \$90 to Extension-ST
- \$200 was transferred from Sheriff-ST fund to the Rural Fire-ST fund for a prior year error correction.

SUPPLEMENTARY INFORMATION

McCLAIN 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
District Attorney	\$ 30,000	\$ 30,000	\$ -
County Sheriff	2,805,017	2,003,864	801,153
County Treasurer	239,957	160,948	79,009
County Commissioners	263,527	261,476	2,051
County Clerk	465,167	415,576	49,591
Court Clerk	290,363	279,965	10,398
County Assessor	326,575	283,438	43,137
Revaluation of Real Property	303,825	293,630	10,195
General Government	4,947,207	1,567,783	3,379,424
Excise - Equalization Board	5,000	2,893	2,107
County Election Board	218,643	153,860	64,783
Emergency Management	174,539	109,578	64,961
County Audit Budget Account	105,780	64,772	41,008
Total Expenditures, Budgetary Basis	\$ 10,175,600	\$ 5,627,783	\$ 4,547,817

McCLAIN 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	\$ 2,717,273	\$ 441,981	\$ 2,275,292
Total Expenditures, Budgetary Basis	\$ 2,717,273	\$ 441,981	\$ 2,275,292

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**McCLAIN 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 JUSTICE			
Direct Grant:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 9,950
Total U.S. Department of Justice			<u>9,950</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0291	859,979
Passed Through the Oklahoma Department of Emergency Management:			
COVID-19 Coronavirus Relief Fund	21.019	EMPG-2020S	13,888
Total U.S. Department of Treasury			<u>873,867</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Grant:			
Medical Reserve Corps Small Grant Program	93.008	N/A	2,456
Total U.S. Department of Health & Human Services			<u>2,456</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Hazard Mitigation Grant	97.039	HMGP-4299	875
Emergency Management Performance Grants	97.042	EMPG-2020	11,612
Total U.S. Department of Homeland Security			<u>12,487</u>
Total Expenditures of Federal Awards			<u>\$ 898,760</u>

**McCLAIN 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 McClain 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

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the COVID-19 Relief Bill into law. McClain County received \$873,867 in federal relief funds. The County incurred \$383,915 in eligible expenditures in the prior fiscal 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 21.019 – Coronavirus Relief Fund includes \$383,915 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$489,952 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
McCLAIN COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of McClain County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise McClain County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 7, 2023.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered McClain 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of McClain County's internal control. Accordingly, we do not express an opinion on the effectiveness of McClain 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 a 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McClain 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 McClain County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

McClain County's Response to Findings

McClain County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. McClain County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 7, 2023



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

TO THE OFFICERS OF
McCLAIN COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

McClain County's Response to Findings

McClain 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. McClain County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 7, 2023

**McCLAIN 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?..... No
- 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? None reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? Yes

Identification of Major Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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

**McCLAIN 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*

No matters were reported.

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 2021-001 – Lack of County-Wide Controls Over Major Federal Programs – Coronavirus Relief Fund

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0291 and EMPG-2020S

FEDERAL AWARD YEAR: 2020

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 and implemented to ensure the County complies with grant requirements.

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

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design and implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

Chairman of the Board of County Commissioners: McClain County will strive to implement policies and procedures regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring to ensure the County is in compliance with grant requirements.

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

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

Finding 2021-002 – Lack of Internal Controls Over Major Federal Programs – Coronavirus Relief Fund

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0291 and EMPG-2020S

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

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

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that McClain County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal 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 the County gain an understanding of requirements for this program and implement a system of internal control procedures to ensure compliance with grant requirements.

Management Response:

Chairman of the Board of County Commissioners: McClain County will strive to implement policies and procedures regarding federal disbursements to ensure the County is in compliance with grant requirements.

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

The non-Federal entity must:

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

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2021-006 - Lack of Internal Controls Over the Court Clerk’s Collection and Disbursement Processes (Repeat Finding)

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

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

Receipting Process:

- One employee has the ability to issue receipts, balance the cash drawer, prepare deposits, and take deposits to the County Treasurer.
- No one other than the preparer reviews or approves voided receipts.
- A mail log is not being performed or maintained.

Court Fund Disbursement Process:

- One employee prepares claims, verifies the claim for accuracy, prints vouchers, signs vouchers, takes vouchers to be registered with the County Treasurer, distributes vouchers, reconciles reports with the County Treasurer, and prepares the Quarterly Court Fund Reports.

Cause of Condition: Policies and procedures have not been designed and implemented to adequately segregate the duties of the receipting and disbursement process within the office of the Court Clerk.

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

Recommendation: OSAI recommends that procedures be designed and implemented to separate key functions of the receipting and expenditure processes. If a segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk 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 approve accounting functions.

Management Response:

Court Clerk: To help our lack of segregation of duties, I plan to put the following into policy: Deposit reports will be reviewed by two employees. Voided receipts will be reviewed and initialed by an employee other than the preparer. We do not have adequate staff to be able to run daily operations and prepare a mail log. Court Fund vouchers will be printed by the Court Clerk and reviewed and signed by the First Deputy.

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.

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

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 2021-007 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Upon inquiry of County personnel, observation, and review of documents regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses were noted:

Inmate Trust Fund Checking Account

- Duties are not properly segregated: One employee has the ability to collect money, issue receipts, post to inmates' accounts, prepare deposits, take deposits to the bank, issue checks, and perform reconciliations.
- Deposits to the Inmate Trust Fund checking account are not made daily.
- Inmate ledger balances are not reconciled to the bank statement.
- There is no policy or procedure in place for unclaimed inmate funds.
- Inmate Trust Fund Checking Account checks are not kept in a secure location.

Sheriff Commissary Fund

- The Sheriff's office does not have contracts with their commissary or inmate phone card vendor that have been approved by the Board of County Commissioners.
- An annual Commissary report is filed; however, the ending balance doesn't reconcile to the Treasurer's ending balance.

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

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

Effect of Condition: These conditions resulted in noncompliance with state statutes. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the following:

Inmate Trust Fund Checking Account

- Establish procedures to separate the key functions of the receipting, depositing, reconciliation and expenditure processes over the Inmate Trust Fund Checking Account.
- All monies collected should be deposited on a daily basis.
- Inmate Trust Fund monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's ledger balances should be reconciled to the bank statements each month.
- The Sheriff's office should design and implement procedures to address unclaimed Inmate Trust Fund monies.
- Inmate Trust fund checks should be kept in a secure location.

Sheriff Commissary Fund

- All contracts should be renewed and approved by the Board of County Commissioners annually.
- The annual Commissary report to the Board of Commissioners should agree to the Treasurer.

Management Response:

County Sheriff:

Inmate Trust Fund Checking Account

- The McClain County Sheriff's office will take steps to separate key functions of receipting, depositing, reconciliation, and expenditures in the Inmate Trust Fund Checking Account. This will include requiring two signatures on receipts. One of the Administrative Assistants will do the deposits and the other will do reconciliations and expenditures.
- All monies collected will be deposited each day.
- The Inmate Trust funds will be maintained in a manner that reflects each inmate's deposits, disbursements, and account balances. The inmate balances are being reconciled to the bank statement each month.
- We are in the process of coming up with procedures to address unclaimed Inmate Trust Fund monies. This will include trying to contact inmates that have been released and failed to contact the Sheriff's office to claim their money. Additionally, we will develop procedures to adhere to the process for unclaimed funds prescribed in state statute. This may take a while to implement.
- Inmate Trust Fund checks are being stored in a locked cabinet.

Sheriff Commissary Fund

- All contracts have now been renewed and approved by the Board of County Commissioners and will be yearly.
- Steps have been taken to assure the commissary report agrees with the Treasurer's ending balance prior to being delivered to the County Commissioners by January 15th of each year.

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

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

Segregation of duties

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Title 19 O.S. § 180.43(D) requires that an annual report of the Sheriff’s Commissary be submitted to the Board of County Commissioners by January 15th of each year.

Title 19 O.S. § 531(A) states in part, “the county sheriff may establish a checking account, to be designated the ‘Inmate Trust Fund Checking Account’,” and, “The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

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

Title 22 O.S. § 1325(F, H) prescribes the procedures for handling unclaimed property.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

**-Glen Murray, District 1-
405-449-3355**

**-Wilson Lyles, District 2-
405-527-2040**

**-Terry Daniel, District 3-
405-485-3388**

BOARD OF COUNTY COMMISSIONERS

-McCLAIN COUNTY-

121 North 2nd Avenue, Purcell, OK 73080

PO Box 629, Purcell Oklahoma, 73080

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

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Controls Over Major Federal Programs – 21.019 – Coronavirus Relief Fund	McClain County will strive to implement policies and procedures regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring to ensure the County is in compliance with grant requirements.	1/1/2024	Terry Daniel, BOCC Chair
2021-002	Lack of Internal Controls Over Major Federal Programs – 21.019 – Coronavirus Relief Fund	McClain County will strive to implement policies and procedures regarding federal disbursements to ensure the County is in compliance with grant requirements.	1/1/2024	Terry Daniel, BOCC Chair

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

**-Glen Murray, District 1-
405-449-3355**

**-Wilson Lyles, District 2-
405-527-2040**

**-Terry Daniel, District 3-
405-485-3388**

BOARD OF COUNTY COMMISSIONERS

-McCLAIN COUNTY-

121 North 2nd Avenue, Purcell, OK 73080

PO Box 629, Purcell Oklahoma, 73080

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

FINANCIAL AUDIT FINDINGS

Finding 2003-001, 2004-001, 2005-001, 2006-001, 2012-007, 2013-007, 2016-001, 2017-001

Inadequate Internal Controls Over Purchasing

Finding Summary: Not all purchasing duties are adequately segregated. Neither the County Clerk nor the BOCC Chairman reviews or initials next to their facsimile signature printed on warrants. The County Clerk does not review or initial next to her facsimile signature printed on cash vouchers.

Status: Corrective action was taken.

Finding 2003-001, 2004-001, 2005-001, 2006-001, 2016-002, 2017-002

Inadequate Internal Controls Over the Payroll Process

Finding Summary: Documentation is not maintained to show that payroll deduction reports are reviewed and approved by someone other than the preparer. Payroll claims are not compared to supporting documentation and approved by someone other than the preparer. The total amount of payroll noted on the direct deposit report is not being verified to the approved payroll claims/affidavits.

Status: Corrective action was taken.

FEDERAL AUDIT FINDINGS

Finding 2016-003

Inadequate County-Wide Controls Over Major Federal Programs – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: DR-4222

Federal Award Year: 2016

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

Questioned Costs: \$-0-

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

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

Finding 2016-004

Inadequate Internal Controls Over Major Federal Programs - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: DR-4222

Federal Award Year: 2016

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

Questioned Costs: \$-0-

Finding Summary: McClain County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Procurement and Suspension and Debarment; and Special Tests and Provisions.

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

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



Cindy Byrd, CPA | State Auditor & Inspector

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