



MCCURTAIN COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**McCURTAIN 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.



July 18, 2023

TO THE CITIZENS OF
McCURTAIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of McCurtain 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

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

Board of County Commissioners

District 1 – Chris White

District 2 – Mark Jennings

District 3 – Jimmy Westbrook

County Assessor

Stan Lyles

County Clerk

Karen Bryan

County Sheriff

Kevin Clardy

County Treasurer

Brad Box

Court Clerk

Kathy Gray

District Attorney

Mark Matloff

**McCURTAIN 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
McCURTAIN 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 McCurtain 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 McCurtain 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 McCurtain 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 McCurtain 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 July 14, 2023, on our consideration of McCurtain 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 McCurtain County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 14, 2023

REGULATORY BASIS FINANCIAL STATEMENT

McCURTAIN 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	\$ 1,126,378	\$ 4,111,432	\$ 275,000	\$ 275,000	\$ 3,603,436	\$ 1,634,374
County Highway Unrestricted	742,902	4,779,123	200,000	200,000	4,464,049	1,057,976
Assessor Revolving Fee	3,498	1,300	-	-	3,424	1,374
County Clerk Lien Fee	9,220	41,617	-	-	21,147	29,690
County Clerk Records Management and Preservation	79,477	103,514	-	-	70,630	112,361
Federal Forest Title III	134,847	270	-	-	-	135,117
Health	1,271,370	819,533	-	-	857,615	1,233,288
Hospital-ST	100,714	1,463,216	-	-	1,418,266	145,664
Lodging Tax-ST	1,933,545	3,438,137	-	-	1,845,431	3,526,251
Rural Fire-ST	2,238,084	1,473,251	-	-	794,823	2,916,512
Sheriff Drug Buy	496	2,500	5,000	-	2,400	5,596
Sheriff-ST	162,129	2,035,934	-	-	1,455,342	742,721
Lake Patrol	2,685	18,036	-	-	14,336	6,385
Sheriff Service Fee	96,684	465,473	-	5,152	265,512	291,493
Solid Waste Management-ST	815,219	3,055,682	-	-	2,564,078	1,306,823
Treasurer Mortgage Certification	9,721	10,735	-	-	5,957	14,499
Resale Property	391,201	364,982	275,000	275,000	279,026	477,157
Use Tax-ST	517,016	1,318,950	-	-	1,072,751	763,215
Jail-ST	1,679,080	3,435,666	-	-	2,526,054	2,588,692
Court Clerk Payroll	32,064	200,400	-	-	192,674	39,790
Local Emergency Planning Committee	4,217	1,000	-	-	-	5,217
Community Development Block Grants Revolving Fund	-	131,364	-	-	131,364	-
Rural Economic Action Plan Revolving Fund	49,297	191,547	-	-	240,844	-
County Donations	53,181	74,979	152	-	74,346	53,966
County Bridge and Road Improvement	501,202	465,162	-	-	590,426	375,938
S.T.O.P. VAWA	3,814	59,104	-	-	48,297	14,621
American Rescue Plan Act 2021	-	3,188,616	-	-	-	3,188,616
Total - All County Funds	\$ 11,958,041	\$ 31,251,523	\$ 755,152	\$ 755,152	\$ 22,542,228	\$ 20,667,336

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

McCurtain 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 ad valorem, sales tax, officer's fees, interest earnings and miscellaneous collections of the County. Disbursements are for the general operations of the County.

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

Assessor Revolving Fee – accounts for the collection of fees for copies as restricted by state statute. Disbursements are for any lawful expense of the Assessor's office.

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

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

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

Federal Forest Title III – accounts for schools and roads program Title III funds held, a federal grant program for the purpose of performing activities under the Firewise Communities program and to reimburse for emergency services performed on national forests.

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

Hospital-ST – accounts for the collection of sales tax to be used for the purchase of equipment and to maintain the property of McCurtain County Hospital Authority.

Lodging Tax-ST – accounts for the excise tax collected on lodging to be used for the promotion and development of tourism and recreational activities for McCurtain County.

Rural Fire-ST – accounts for sales tax funds to be used for the operation of the McCurtain County Volunteer Fire Departments.

Sheriff Drug Buy – accounts for proceeds from forfeited drug cases. These funds are used for the intervention and prevention of narcotics use.

Sheriff-ST – accounts for sales tax monies received for the operation of the McCurtain County Sheriff's Office.

Lake Patrol – accounts for monies received from the Corps of Engineers for patrolling services.

Sheriff Service Fee – accounts for the collection and disbursement of Sheriff process service fees as restricted by state statute.

Solid Waste Management-ST – accounts for the sales tax and fee monies collected for the maintenance and operation of a solid waste system.

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

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

Use Tax-ST – accounts for the use tax funds collected by the Oklahoma Tax Commission and remitted to the County. The BOCC has designated these funds to be used to help the County develop comprehensive emergency management and for the operation of the County.

Jail-ST – accounts for sales tax funds to be used for the operating, equipping, staffing, and maintaining the McCurtain County Jail.

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

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll for the office.

Local Emergency Planning Committee – accounts for funds from the Oklahoma Department of Environmental Quality for the operation of the volunteer fire departments.

Community Development Block Grants Revolving Fund – accounts for federal funds received from Oklahoma Department of Commerce and the disbursement of funds as restricted by federal guidelines.

Rural Economic Action Plan Revolving Fund – accounts for state funds received to be expended for the purpose of REAP Grant projects.

County Donations – accounts for revenues from private donors to be dispersed for specific purposes.

County Bridge and Road Improvement – accounts for funds received from the Oklahoma Department of Transportation, and disbursements are restricted by state statutes for the purpose of reimbursement for constructing and maintaining county roads and bridges.

S.T.O.P. VAWA – accounts for federal funds received from Oklahoma District Attorney’s Council for Violence Against Women grant and the disbursement of funds as restricted by federal guidelines.

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 as restricted by federal guidelines.

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

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

included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

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

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

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

in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

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

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

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

On August 27, 1991, the voters of McCurtain County approved a permanent one-half percent (1/2%) sales tax becoming effective immediately. This sales tax was established to provide revenue for the maintenance and operation of a solid waste system. These funds are accounted for in the Solid Waste Management-ST fund.

On November 9, 1999, the voters of McCurtain County approved a permanent one-half percent (1/2%) sales tax effective January 1, 2000. This sales tax was established to provide revenue to operate, equip, staff, and maintain the McCurtain County Jail. These funds are accounted for in the Jail-ST fund.

On November 9, 1999, the voters of McCurtain County approved a permanent one-quarter percent (1/4%) sales tax effective January 1, 2000. This sales tax was established to provide revenue to staff and maintain the McCurtain County Sheriff's Department. These funds are accounted for in the Sheriff-ST fund.

On June 26, 2012, the voters of McCurtain County approved a permanent one-quarter percent (1/4%) sales tax effective January 1, 2007. This sales tax was established to provide revenue for the fire protection of the county fire departments located in the following communities: Battiest, Bethel, Broken Bow, Eagletown, Garvin, Haworth, Hochatown, Holly Creek, Idabel, Millerton, Pickens, Pine Creek, Ringold, Rufe, Sherwood, Shinewell, Smithville, Tom, Valliant, Watson, and Wright City. These funds are accounted for in the Rural Fire-ST fund.

The voters of McCurtain County approved a permanent renewal of a three percent (3%) excise tax upon public lodging receipts effective June 26, 2012. In addition to all other city, county, and state excise taxes upon the gross proceeds or gross receipts derived from the services of furnishing of rooms hotel, apartment hotel, rental cabin or motel, for the furnishing of public lodging, except campsites; said tax beginning to be collected on the first day of the calendar quarter following this election, and permanent, provided that the proceeds of such additional 3% excise tax shall be distributed as follows:

- 5% - To the McCurtain County General Fund for the McCurtain County Fair Board;
- 10% - To the McCurtain County General Fund for administrative cost;
- 85% - To the McCurtain County Tourism Authority to be named by the McCurtain County Commissioners.

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

The purpose of said additional 3% excise tax to be to promote, encourage, and develop tourism and recreational activities beneficial to McCurtain County. These funds are accounted for in the County General and Lodging Tax-ST funds.

On June 28, 2016, the voters of McCurtain County approved a permanent renewal of a County sales tax of one-fourth of one percent (1/4%) presently being levied and assessed until rescinded by a vote of the qualified of the registered voters of McCurtain County; said tax continuing to be collected from April 1, 2017, all as set out in a resolution of the Board of County Commissioners of McCurtain County adopted March 28, 2016, providing that the one-fourth of one percent (1/4%) sales tax shall be used by the McCurtain County Hospital Authority, in its discretion, to purchase equipment and/or other capital improvements for the Hospital Authority, pay the principal and interest incurred to finance the purchase of equipment and/or capital improvements for the Hospital Authority, including supplies, capital equipment and labor, pay the cost of the annual independent audit of the accounting records of the Hospital Authority, and maintain the property of the McCurtain County Hospital Authority, and to support McCurtain Memorial Medical Management, Inc., with operating expenses, however, these funds may not be used for salaries, employee benefits, bonuses, employee travel, payroll taxes and expenses, or vehicles. These funds are accounted for in the Hospital-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 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 \$277,449 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

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.

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

F. Interfund Transfers

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

- \$275,000 was transferred from the Resale Property fund to the County General fund to meet requirements of appropriations in accordance with 68 O.S. § 3021.
- \$275,000 was transferred from the County General fund to the Resale Property fund to repay a loan per 68 O.S. § 3021.
- \$200,000 was transferred from the ETR fund (a trust and agency fund) to the County Highway Unrestricted fund for loan proceeds for bridge and road projects.
- \$200,000 was transferred from the County Highway Unrestricted fund to the ETR fund (a trust and agency fund) to repay loan proceeds for bridge and road projects.
- \$5,000 was transferred from the Sheriff Service Fee fund to the Sheriff Drug Buy fund.
- \$152 was transferred from the Sheriff Service Fee fund to the County Donations fund approved by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.

SUPPLEMENTARY INFORMATION

McCURTAIN 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 - County	\$ 25,005	\$ 24,997	\$ 8
County Sheriff	656,827	653,848	2,979
County Treasurer	178,980	176,171	2,809
County Commissioners	623,257	608,808	14,449
County Commissioners O.S.U. Extension	142,405	90,016	52,389
County Clerk	384,631	377,435	7,196
Court Clerk	294,964	217,703	77,261
County Assessor	367,203	365,932	1,271
Revaluation of Real Property	292,388	279,763	12,625
Juvenile Shelter	45,700	6,942	38,758
General Government	845,445	460,926	384,519
Excise - Equalization Board	10,510	4,682	5,828
County Election Expense	204,769	178,294	26,475
Charity	6,000	1,580	4,420
County Audit Budget Account	28,050	2,015	26,035
Free Fair Budget Account	10,000	9,974	26
Provisions for Interest	10,000	-	10,000
Total Expenditures, Budgetary Basis	\$ 4,126,134	\$ 3,459,086	\$ 667,048

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,866,855	\$ 894,394	\$ 972,461
Total Expenditures, Budgetary Basis	\$ 1,866,855	\$ 894,394	\$ 972,461

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**McCURTAIN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Oklahoma State Treasurer Office:			
Schools and Roads - Grants to States (Title I - Highway)	10.665		\$ 50,943
Schools and Roads - Grants to States (Title I - Schools)	10.665		137,041
Schools and Roads - Grants to States (Title II)	10.665	17-RO-11080900-027	<u>90,300</u>
Total U.S. Department of Agriculture			<u>278,284</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17749 CDBG 19	<u>131,364</u>
Total U.S. Department of Housing and Urban Development			<u>131,364</u>
U.S. DEPARTMENT OF THE INTERIOR			
Direct Grant			
Payments in Lieu of Taxes	15.226		<u>325,741</u>
Total U.S. Department of the Interior			<u>325,741</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Oklahoma District Attorneys' Council:			
Violence Against Women Formula Grants	16.588	2020/2021-VAWA-McCurtain Co-00002	48,300
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-LLE-2020-McCurtain Co-00130	<u>5,563</u>
Total U.S. Department of Justice			<u>53,863</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Public Safety:			
State and Community Highway Safety	20.600	SE-20-03-06-04	<u>419</u>
Total U.S. Department of Transportation			<u>419</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed Through the Oklahoma Department of Emergency Management:			
COVID-19 Coronavirus Relief fund	21.019	4530-DR-OK	13,766
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief fund	21.019	SA-2445	<u>1,508,075</u>
Total U.S. Department of the Treasury			<u>• 1,521,841</u>
Total Expenditures of Federal Awards			<u>\$ 2,311,512</u>

McCURTAIN 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 McCurtain 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

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 11, 2021, the President of the United States signed the COVID-19 Relief Bill into law. McCurtain County received \$1,521,841 in federal relief funds. The County incurred \$792,374 of eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 1, 2020 through June 30, 2020 and were accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number (ALN) 21.019 – Coronavirus Relief Fund includes \$792,374 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures 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
McCURTAIN 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 McCurtain County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise McCurtain County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 14, 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 McCurtain 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 McCurtain County's internal control. Accordingly, we do not express an opinion on the effectiveness of McCurtain County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McCurtain County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

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

McCurtain County's Response to Findings

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

July 14, 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
McCURTAIN COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Basis for Qualified Opinion on Coronavirus Relief Fund

As described in Finding 2021-018 in the accompanying schedule of findings and questioned costs, McCurtain County did not comply with requirements regarding the following:

Finding #	AL #	Program (or Cluster) Name	Compliance Requirement
2021-018	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed; Allowable Costs/Cost Principles

Compliance with such requirements is necessary, in our opinion, for McCurtain County to comply with the requirements applicable to that program.

Qualified Opinion on Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, McCurtain County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Coronavirus Relief Fund for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-015. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of McCurtain 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 McCurtain 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 McCurtain 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 2021-015, 2021-016, and 2021-017 that we consider to be material weaknesses.

McCurtain County's Response to Findings

McCurtain 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. McCurtain 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

July 14, 2023

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
-
- Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

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

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

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

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2021-001 – Segregation of Duties and Noncompliance Over Disbursements (Repeat Finding – 2008-005, 2009-005, 2010-010, 2011-011, 2012-012, 2013-005, 2013-012, 2014-005, 2014-010, 2015-005, 2015-010, 2016-004, 2016-009, 2017-004, 2017-009, 2018-002, 2019-002, 2019-005, and 2020-001)

Condition: Upon inquiry and observation of the County’s purchasing process, it was noted that the County 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.

The purchasing deputy prepares purchase orders, certifies the encumbrance, reviews the purchase order for accuracy, prepares the warrants, takes warrants to be registered with the treasurer’s office, distributes the warrants, maintains ledgers, and can make changes in the system.

Additionally, the Purchasing Deputy has limited knowledge over allowable disbursements for restricted funds.

After performing testwork of a sample of fifty-one (51) disbursements, the following was noted:

- Two (2) were not supported by adequate documentation (Payroll Affidavit) to support the review or authorization of the County Clerk’s office and the Board of County Commissioners (BOCC).
- Twelve (12) were not supported with adequate documentation due to lack of timesheet, payroll affidavit and/or payroll verification report.
- Six (6) were not encumbered prior to conducting purchasing transaction.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls with regard to the segregation of duties of the disbursement process. Additionally, policies and procedures have not been designed and implemented over the disbursement process to strengthen internal controls and ensure compliance with state statutes.

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

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the 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.

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

OSAI recommends management take steps to adequately segregate the following key accounting functions:

- Preparing purchase orders.
- Encumbering purchase orders.
- Printing warrants.
- Distributing warrants.

Further, OSAI recommends designing and implementing internal controls to ensure expenditures are allowable for restricted funds.

Additionally, OSAI recommends the County adhere to state purchasing guidelines to ensure disbursements are encumbered before goods or services are ordered, supported by adequate documentation, reviewed for accuracy, and authorized.

Management Response:

Chairman of the Board of County Commissioners: McCurtain County will work to address the concerns regarding segregation of duties and compliance with state purchasing statutes.

County Clerk: The County Clerk's office will continue to implement recommendations to limit risk associated with a concentration of duties. Further, the County Clerk's office will emphasize strict adherence to the state purchasing guidelines and improve communication within the County offices regarding compliance.

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 – Principal 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.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or

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

operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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, design 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 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 an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste or abuse in the operational process.

Further, 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.

Finally, Title 19 O.S. § 1505 prescribes the procedures for the encumbrance of funds.

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 2021-015 – Internal Controls and Noncompliance Over the Schedule of Expenditures of Federal Awards

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

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

FEDERAL AWARD NUMBER: 4530-DR-OK and SA-2445

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-

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

During our audit, we identified federal programs that were not listed accurately on the County's Schedule of Expenditures of Federal Awards (SEFA). Federal expenditures were understated by \$245,927.

The following misstatements were noted:

- The actual expenditures for the Schools and Roads – Grants to States (Title 1 - Highway), ALN 10.665 were \$50,943 and the County reported \$75,144, resulting in an overstatement of expenditures of \$24,201.
- The actual expenditures for the Schools and Roads – Grants to States (Title 1 - Schools), ALN 10.665 were \$137,041 and the County reported \$0, resulting in an understatement of expenditures of \$137,041.
- The actual expenditures for the Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, ALN 14.228 were \$131,364 and the County reported \$0, resulting in an understatement of expenditures of \$131,364.
- The actual expenditures for the Violence Against Women Formula Grants, ALN 16.588 were \$48,300 and the County reported \$48,386, resulting in an overstatement of expenditures of \$86.
- The actual expenditures for the State and Community Highway Safety, ALN 20.600 were \$419 and the County reported \$0, resulting in an understatement of expenditures of \$419.
- The actual expenditures for the Coronavirus Relief Fund Pass through State of Oklahoma Department of Emergency Management, ALN 21.019 were \$13,766 and the County reported \$0, resulting in an understatement of \$13,766.
- The actual expenditures for the Coronavirus Relief Fund Pass through Office of Management and Enterprise Services, ALN 21.019 were \$1,508,075 and the County reported \$1,506,115, resulting in an understatement of \$1,960.
- The actual expenditures for the US Army Corp, a non-federal award was \$0 and the County reported \$14,336, resulting in an overstatement of \$14,336.

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

Effect of Condition: This resulted in the erroneous reporting, a material misstatement of the County's SEFA and a material noncompliance with federal regulations.

Recommendation: OSAI recommends County officials and department heads gain an understanding of federal programs awarded to McCurtain County. Internal control procedures should be designed and

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

implemented to ensure accurate reporting of expenditures on the SEFA and to ensure compliance with federal requirements.

Management Response:

Chairman of the Board of County Commissioners: McCurtain County will implement the recommendations to address these concerns and prevent reoccurrence. We will assess ways to effectively communicate to county officials and department heads information regarding the importance of accurately reporting of federal program expenditures on the SEFA and compliance with federal requirements.

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

The non-Federal entity must:

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

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

The auditee must:

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

2 CFR § 200.510(b) *Financial statements* reads as follows:

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

Further, GAO Standards – Section 2 – Objective of an Entity - OV2.23 states in part:

Compliance Objective

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

Finding 2021-016 – County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

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

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: 4530-DR-OK and SA-2445

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

Condition: Through the process of gaining an understanding of the County's internal control structure for federal programs, it was noted that 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 is in compliance with federal award requirements.

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 noncompliance to federal award requirements.

Recommendation: OSAI recommends that the County design and implement a system of county-wide procedures to identify and address risks related to compliance with federal award requirements and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: McCurtain County will implement the recommendations to address these concerns and prevent reoccurrence. Information regarding federal grants will be communicated during the Board of County Commissioner's Meetings and to the department heads. We will assess ways to identify and address risks related to compliance with federal award requirements including periodic monitoring.

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).

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

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

Finding 2021-017 – Internal Controls Over Compliance Requirements for Major Federal Program – Coronavirus Relief Fund

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: 4530-DR-OK and SA-2445

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding the disbursement of federal awards, we noted the 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.

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

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

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

Recommendation: OSAI recommends the County gain an understanding of requirements for federal awards and design and implement internal controls to ensure compliance with requirements.

Management Response:

Chairman of the Board of County Commissioners: McCurtain County will implement the recommendations to address these concerns and prevent reoccurrence. The County administrator applying for the federal awards on behalf of the County will be responsible for communicating the necessary information regarding compliance requirements to relevant parties to ensure compliance.

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).

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 Activities – The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.

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

Finding 2021-018 – Noncompliance Over Major Federal Program – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-2445

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$147,379

Condition: After performing expenditure testwork on 100% of the program, disbursements totaling \$147,379 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles due to unsubstantiated, duplicated and ineligible cost, as noted below:

- Payroll expenditures reimbursed totaling \$15,772 were already reimbursed by another federal program.
- Sheriff credit card expenditures for routine car maintenance, meals, and fuel totaling \$86,424.
- Reimbursement was requested for \$100; however, the invoice was \$50.
- Payroll expenditures for the Assessor’s office teleworking totaling \$34,057.
- Payroll expenditures totaling \$3,246 were already claimed on another reimbursement request.
- Expenditures totaling \$7,830 were cancelled and never paid by the County.

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

Effect of Condition: These conditions resulted in noncompliance with grant requirements. The County runs the risk of misappropriation of funds and could hinder the County from receiving future federal funding. Further, this could result in the repayment of grant funds to the grantor agency.

Recommendation: OSAI recommends that the County design and implement policies and procedures to ensure compliance with applicable grant requirements.

Management Response:

Chairman of the Board of County Commissioners: McCurtain County will implement the recommendations to address these concerns. The County administrator applying for the federal awards on behalf of the County will be responsible for communicating the necessary information regarding compliance requirements to relevant parties to ensure compliance with applicable 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

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

compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Additionally, 2 CFR § 200.403 - Factors affecting allowability costs states in part, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:
(g) Be adequately documented.”

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

Additionally, guidance provided in the Subrecipient Agreement - Federal Funding Certification executed June 3, 2020 between McCurtain County and the State of Oklahoma states in part,

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

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

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

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

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

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

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 2021-002 – Indebtedness of the County (Repeat Finding - 2020-002)

Condition: The Board of County Commissioners (BOCC) entered into loan agreements with financial institutions creating debt for the County. The BOCC is authorized by statutes to purchase property for the County; however, they lack the authority to indebted the county beyond the fiscal year without a vote of the people. Executing the real estate loan agreements described below, exceed the authority of the BOCC established by state statutes and violated the State Constitution regarding indebtedness.

Office Building located at 103 NE Avenue A, Idabel, Oklahoma

- On September 16, 2019, the BOCC entered into a balloon real estate loan for \$85,041 with a local financial institution for the purchase of an existing office building with an interest rate of 3.75% and maturity date September 14, 2020.
- On August 24, 2020, the BOCC entered into a balloon real estate loan for \$75,805 with a local financial institution for the purchase of an existing office building with an interest rate of 2.5% and a maturity date August 21, 2021.

Commercial Building located at 301 N Central, Idabel, Oklahoma

- On July 19, 2021, the BOCC approved to purchase a commercial building owned by a financial institution located in Hugo. (Purchase price \$300,000).
- On October 18, 2021, the BOCC approved to go forward to set up the trust authority to purchase the commercial building from a financial institution located in Hugo.
- On November 29, 2021, the BOCC approved the Declaration of the McCurtain County Additional Facilities Authority.
- On December 9, 2021, a County purchase order from Use Tax-ST fund was encumbered for \$30,000 made payable to the financial institution located in Hugo for a down payment on the loan for the commercial building.
- On December 13, 2021, the BOCC approved and signed the Commercial Loan Agreement with the financial institution located in Hugo to obtain a 30-year real estate loan in the amount of \$270,000 to purchase the commercial building.
- On December 27, 2021, January 11, 2022, and February 9, 2022, County purchase orders from Use Tax-ST fund were encumbered for \$1,490 each made payable to the financial institution located in Hugo for three loan payments for the commercial building.

Further, with regards to the purchase of the commercial building, the BOCC did establish a trust, “McCurtain County Additional Facilities Authority”: However, according to the BOCC secretary, (as of February 10, 2022) a board meeting for McCurtain County Additional Facilities Authority has not been held. The McCurtain County Additional Facilities Authority has not been registered with Oklahoma

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

Secretary of State, nor has a tax identification number been established. There has been no activity or further development of the trust beyond BOCC creation.

The commercial loan agreement with the financial institution located in Hugo did list McCurtain County Additional Facilities Authority; however, this agreement was executed in the BOCC meeting.

The executed commercial loan agreement with the financial institution located in Hugo did not have a listed tax identification number. Confirmation obtained from the financial institution located in Hugo lists the commercial loan for the purchase of the property under McCurtain County's tax identification number.

Cause of Condition: The BOCC did not comply with state laws regarding the incurrence of debt. The BOCC exceeded their authority and incurred debt to the County beyond the fiscal year without the vote of the people.

Effect of Condition: This condition resulted in a violation of state law. The County going into debt without the vote of the people could result in a tax roll levy if the County defaults on loan payments.

Recommendation: OSAI recommends the Board of County Commissioners ensure agreements entered on behalf of the County are in compliance with applicable state laws, and the required approval by a vote of the people would be obtained prior to incurrence of debt beyond the fiscal year.

Management Response:

Chairman of the Board of County Commissioners: McCurtain County will review current and future financial agreements to verify compliance with state indebtedness laws.

Criteria: Article 10 § 26 Oklahoma Constitution states:

Indebtedness of political subdivisions - Assent of voters - Limitation of amount - Annual tax
- Computation of amount of indebtedness.

(a) Except as herein otherwise provided, no county, city, town, township, school district, or other political corporation, or subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof, voting at an election, to be held for that purpose, nor, in cases requiring such assent, shall any indebtedness be allowed to be incurred to an amount, including existing indebtedness, in the aggregate exceeding five percent (5%) of the valuation of the taxable property therein, to be ascertained from the last assessment for state and county purposes previous to the incurring of such indebtedness...

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

JOHN WILLIAMS
DISTRICT 1
BROKEN BOW

MARK JENNINGS
DISTRICT 2
IDABEL

ROBERT BECK
DISTRICT 3
VALLIANT



THE BOARD OF COUNTY COMMISSIONERS

MCCURTAIN COUNTY
P.O. Box 1078 - Idabel, Oklahoma 74745
580-286-7428

**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	Segregation of Duties and Noncompliance Over Disbursements	McCurtain County will work to address these concerns and segregation of duties as feasible with limited personnel. Further, McCurtain County is currently taking steps to correct noncompliance by educating our departments on proper processes.	12-31-22	Mark Jennings, BOCC Chair
2021-015	21.019 - Coronavirus Relief Fund Internal Controls and Noncompliance Over the Schedule of Expenditures of Federal Awards	McCurtain County will implement the recommendations to address these concerns and prevent reoccurrence. We will assess ways to effectively communicate to county officials and department heads information regarding the importance of accurately reporting of federal program expenditures on the SEFA and compliance with federal requirements.	12-31-22	Mark Jennings, BOCC Chair
2021-016	21.019 - Coronavirus Relief Fund County-Wide Controls Over Major Federal Program	McCurtain County will implement the recommendations to address these concerns and prevent reoccurrence. Information regarding federal grants will be communicated during the Board of County Commissioner's Meetings and to the department heads. We will assess ways to identify and address risks related to compliance with federal award requirements including periodic monitoring.	12-31-22	Mark Jennings, BOCC Chair

2021-017	21.019 - Coronavirus Relief Fund Internal Controls Over Compliance Requirements for Major Federal Program	McCurtain County will implement the recommendations to address these concerns and prevent reoccurrence. The County administrator applying for the federal awards on behalf of the County will be responsible for communicating the necessary information regarding compliance requirements to relevant parties to ensure compliance.	12-31-22	Mark Jennings, BOCC Chair
2021-018	21.019 - Coronavirus Relief Fund Noncompliance Over Major Federal Program - Activities Allowed or Unallowed and Allowable Costs/Cost Principles	McCurtain County will implement the recommendations to address these concerns. The County administrator applying for the federal awards on behalf of the County will be responsible for communicating the necessary information regarding compliance requirements to relevant parties to ensure compliance with applicable grant requirements.	12-31-22	Mark Jennings, BOCC Chair

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



THE BOARD OF COUNTY COMMISSIONERS

MCCURTAIN COUNTY

P.O. Box 1078 - Idabel, Oklahoma 74745
580-286-7428

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 2012-005, 2013-005, 2014-005, 2015-005, 2016-004, 2017-004, 2018-002, 2019-002

Lack of Segregation of Duties Over the Purchasing Process

Finding Summary: Based on our documentation of controls, a lack of segregation of duties exists in the County Clerk's office because one deputy performs all key purchasing processes.

Status: Not Corrected

Finding 2008-002, 2009-002, 2010-018, 2011-018, 2012-006, 2013-006, 2014-006, 2015-006, 2016-005, 2017-005, 2018-003, 2019-003

Lack of Segregation of Duties Over the Payroll Process

Finding Summary: Based on our documentation of controls, a lack of segregation of duties exists in the County Clerk's office because one deputy performs all key payroll processes.

Status: Partially Corrected

Finding 2008-005, 2009-005, 2010-010, 2011-011, 2012-012, 2013-012, 2014-010, 2015-010, 2016-009, 2017-009, 2018-005, 2019-005

Noncompliance Over Disbursements

Finding Summary: For disbursements tested during the audit period, exceptions were noted regarding timely encumbrance.

Status: Not Corrected

FEDERAL AUDIT FINDINGS

Finding 2010-023, 2011-022, 2012-029, 2013-029, 2014-025, 2015-025, 2016-020

Inadequate County-Wide Internal Controls Over Major Federal Program – Schools and Roads

Pass-Through Grantor: Oklahoma State Treasurer

Federal Agency: U.S. Department of Agriculture

CFDA No: 10.665

Federal Program Name: Schools and Roads – Grants to States

Federal Award Year: 2016

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management

Questioned Costs: \$-0-

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

Status: No longer valid.

Finding 2016-021, 2018-008

Lack of County-Wide Controls Over Major Federal Program - Disaster Grants - Public Assistance

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

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

Federal Award Number: DR-4222

Federal Award Year: 2016

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Matching; and Period of Performance

Questioned Costs: \$-0-

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

Status: No longer valid.

Finding 2007-011, 2008-013, 2009-012, 2010-026, 2011-024, 2012-030, 2013-030, 2014-026, 2015-026, 2016-022

Inadequate Internal Controls Over Major Program – Schools and Roads

Pass-Through Grantor: Oklahoma State Treasurer

Federal Agency: U.S. Department of Agriculture

CFDA No: 10.665

Federal Program Name: Schools and Roads – Grants to States

Federal Award Year: 2016

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that the County has not established internal controls to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management.

Status: No longer valid.

Finding 2016-023, 2018-009

Lack of Internal Controls Over Major Federal Program - Disaster Grants - Public Assistance

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

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

Federal Award Number: DR-4222

Federal Award Year: 2016

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Questioned Costs: \$-0-

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

Status: No longer valid.

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



Cindy Byrd, CPA | State Auditor & Inspector

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