



MURRAY COUNTY

Operational Audit

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**MURRAY COUNTY OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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June 24, 2019

**TO THE CITIZENS OF
MURRAY COUNTY, OKLAHOMA**

Transmitted herewith is the audit report of Murray County for the fiscal year ended June 30, 2018.

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.

Sincerely,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**MURRAY COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

OPERATIONAL AUDIT REPORT

Introductory Section (Unaudited)

County Officials.....	ii
Sales Tax Distribution.....	iii
Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2018.....	1
Description of County Funds and Transfers	2
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County General Fund.....	5
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	6
Purpose, Scope, and General Methodology	7
Objectives and Results of Operational Audit.....	8

REPORT ON STATUTORY COMPLIANCE - OTHER MATTERS

Statutory Report.....	14
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INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES ii - iii
PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**MURRAY COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Board of County Commissioners

District 1 – Kent McKinley
District 2 – Colt Williams
District 3 – Darrell Hudson

County Assessor

Scott Kirby

County Clerk

Jill Hall

County Sheriff

Darin Rogers

County Treasurer

Kim Hale

Court Clerk

Christie Pittman

District Attorney

Craig Ladd

**MURRAY COUNTY, OKLAHOMA
SALES TAX DISTRIBUTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Sales Tax

Sales Tax of March 7, 2006

The voters of Murray County approved a one-percent (1%) sales tax on March 7, 2006. The sales tax became effective January 1, 2007 and has an unlimited duration. The sales tax is to be earmarked and used exclusively for the operation, planning, financing, construction, improvements to and maintenance of the Arbuckle Memorial Hospital. These funds are accounted for in the Arbuckle Memorial Hospital Sales Tax fund.

Sales Tax of November 8, 2011

The voters of Murray County approved a one-percent (1%) sales tax on November 8, 2011. The sales tax became effective January 1, 2012 and has a term of 10 years. The sales tax is to be earmarked and used for maintaining General Government, County Commissioners, Economic Development, Sulphur Chamber of Commerce, Davis Chamber of Commerce, Murray County Senior Citizens Organizations, Rural Fire Departments, Rural Emergency Management, Murray County Fair Board, Home Extension Organizations, 4-H Organizations, County Clerk, Court Clerk, County Assessor, County Treasurer, County Sheriff, County Sheriff's Reserve Deputies, Courthouse Facilities and Grounds, OSU Extension Office (Agriculture), Miscellaneous Collection Fees, EMS (Ambulance Service), and Enhanced 911. These funds are accounted for in various accounts within the County General Fund.

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2018

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
County Funds:						
County General Fund	\$ 4,915,355	\$ 3,628,848	\$ 38,890	\$ 288	\$ 3,369,798	\$ 5,213,007
County Highway Fund	718,594	1,382,879	-	-	1,335,911	765,562
County Health Department	185,698	315,517	-	-	218,599	282,616
Arbuckle Memorial Hospital Sales Tax	129,680	1,723,569	-	-	1,683,489	169,760
Sheriff Emergency 911	40,579	580,736	-	-	569,265	52,050
Resale Property	271,405	70,417	-	-	44,056	297,766
County Clerk Lien Fee	51,166	4,702	-	-	376	55,492
County Clerk Records Preservation Fee	129,955	16,445	-	-	14,955	131,445
Sheriff Special Fee	57,616	126,547	-	-	159,525	24,638
County Treasurer Mortgage Certification Fee	17,835	2,170	-	-	3,724	16,281
County Assessor Visual Inspection	4,309	1,769	-	-	3,900	2,178
Community Service Sentencing Program (CSSP)	435	-	-	435	-	-
Sheriff Department of Corrections	49,692	81,243	1,296	-	51,705	80,526
Sheriff Drug Forfeiture	15	-	-	15	-	-
Child Abuse Prevention	2,965	-	-	-	-	2,965
Courthouse Restoration Special	52	-	-	52	-	-
CENA - Dougherty Senior Citizens Grant - Community Expansion of Nutritional Assistance	4,600	-	288	-	4,637	251
CENA - Hickory Senior Citizens Grant - Community Expansion of Nutritional Assistance	15,253	368	-	-	1,391	14,230
CENA - Oak Grove Senior Citizens Grant - Community Expansion of Nutritional Assistance	3,902	7,578	-	-	7,363	4,117
Work Force Center	63,895	17,442	-	-	23,450	57,887
Fair Barn Renovation	173	-	-	173	-	-
Sheriff Community Grant	355	-	-	7	348	-
REAP Grant - Joy Fire Department	5,942	-	-	-	3,169	2,773
Sheriff Courthouse Security	73,060	19,993	-	1,296	1,253	90,504
Murray County Nutrition	2,321	-	-	21	2,300	-
County Bridge and Road Improvement Fund	1,436,041	135,851	134,134	-	23,302	1,682,724
Cash Highway Bridge	166,696	-	-	134,134	25,062	7,500
Wildfire Plan	1,000	-	-	1,000	-	-
Cell Tower Rent	25,308	9,438	-	34,746	-	-
County Clerk Cash Drawer	25	-	-	-	-	25
Murray County Parking Lot	2,441	-	-	2,441	-	-
Court Fund Payroll	19,837	190,003	-	-	176,013	33,827
Combined Total - All County Funds	\$ 8,396,200	\$ 8,315,515	\$ 174,608	\$ 174,608	\$ 7,723,591	\$ 8,988,124

Source: County Treasurer's Monthly Reports (presented for informational purposes)

**MURRAY COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Description of County Funds

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 within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

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

County Highway Fund – accounts for state, local, and miscellaneous receipts and disbursements for constructing and maintaining county roads and bridges.

County Health Department – 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.

Arbuckle Memorial Hospital Sales Tax – accounts for monies collected from County sales tax revenue and disbursed for the operation of Arbuckle Memorial Hospital.

Sheriff Emergency 911 – accounts for revenues from the collection of fees charged on telephone bills for the County’s Emergency 911 services. Disbursements are for the operations of emergency 911 services.

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

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

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed with the County Clerk as restricted by statute to be used for preservation of records.

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

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

County Assessor Visual Inspection – accounts for the receipt and disbursement of funds by the assessor as restricted by state statute.

**MURRAY COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Community Service Sentencing Program (CSSP) – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Sheriff Department of Corrections – accounts for the collections of state held prisoners and disbursements are for maintaining the jail.

Sheriff Drug Forfeiture – accounts for drug forfeitures and is used for payments for the purchase of illegal drugs in sting operations and drug enforcement.

Child Abuse Prevention – accounts for monies received from jurors to aid in the prevention of child abuse.

Courthouse Restoration Special – accounts for grant monies received and disbursed for improvements of the courthouse.

CENA - Dougherty Senior Citizens Grant - Community Expansion of Nutritional Assistance – accounts for grant funds received for the maintenance and operation of the senior citizens center.

CENA - Hickory Senior Citizens Grant - Community Expansion of Nutritional Assistance – accounts for grant funds received for the maintenance and operation of the senior citizens center.

CENA – Oak Grove Senior Citizens Grant - Community Expansion of Nutritional Assistance – accounts for grant funds received for the maintenance and operation of the senior citizens center.

Work Force Center – accounts for building rent collected from the United States Department of Agriculture and disbursed for the maintenance and payment of the building's utilities.

Fair Barn Renovation – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff Community Grant – accounts for grant monies received and disbursed for equipment and supplies for community services per grant agreement.

REAP Grant - Joy Fire Department – accounts for grant monies and disbursed for the renovation of the Joy Fire Department.

Sheriff Courthouse Security – accounts for the receipt and disbursement of court fees for courthouse security.

Murray County Nutrition – accounts for grant monies received and disbursed as restricted by the grant agreement.

**MURRAY COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

County Bridge and Road Improvement Fund – accounts for monies received from State of Oklahoma to be used for County road and bridges.

Cash Highway Bridge – accounts for monies received for the State of Oklahoma to be used exclusively for bridges.

Wildfire Plan – accounts for federal grant monies received and disbursed for wildfire prevention.

Cell Tower Rent – accounts for funds received from the rental of cell tower and disbursements for maintenance of the tower.

County Clerk Cash Drawer – accounts for the cash maintained in the County Clerk's office for the cash drawer.

Murray County Parking Lot – accounts for grant funds received from State of Oklahoma and disbursements are to maintain the County and County Health Department parking lot.

Court Fund Payroll – accounts for the monies disbursed for payroll of the Court Clerk's employees.

Interfund Transfers

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

- \$38,890 was transferred to the County General Fund from the Community Service Sentencing Program (CSSP) for (\$435), Sheriff Drug Forfeiture for (\$15), Courthouse Restoration Special for (\$52), Fair Barn Renovation for (\$173), Sheriff Community Grant for (\$7), Murray County Nutrition for (\$21), Wildfire Plan for (\$1,000), Cell Tower Rent for (\$34,746), and Murray County Parking Lot for (\$2,441) to close the accounts for the Chart of Accounts conversion.
- \$288 was transferred from the County General Fund to CENA - Dougherty Senior Citizens Grant - Community Expansion of Nutritional Assistance due to an error discovered in fiscal year 2014. In fiscal year 2014, the transfer was not completed on the General Ledger, it was only posted to the County Clerk Appropriation Ledger.
- \$134,134 was transferred from County Highway Bridge to close the fund and combined with the County Bridge and Road Improvement Fund for Chart of Account conversion.
- \$1,296 was transferred from the Sheriff Courthouse Security to the Sheriff Department of Corrections to correct an apportionment error made in December 2009.

**MURRAY COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 4,915,355	\$ 4,915,355	\$ -
Less: Prior Year Outstanding Warrants	(39,935)	(39,935)	-
Less: Prior Year Encumbrances	(181,465)	(178,794)	2,671
Beginning Cash Balances, Budgetary Basis	<u>4,693,955</u>	<u>4,696,626</u>	<u>2,671</u>
Residual Equity Transfer In	-	38,890	38,890
Receipts:			
Total Receipts, Budgetary Basis	<u>2,457,495</u>	<u>3,628,848</u>	<u>1,171,353</u>
Expenditures:			
Total Expenditures, Budgetary Basis	<u>7,151,450</u>	<u>3,318,199</u>	<u>3,833,251</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	5,046,165	<u>\$ 5,046,165</u>
Net Interfund Transfers		<u>(288)</u>	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		22,000	
Add: Current Year Encumbrances		145,130	
Ending Cash Balance		<u>\$ 5,213,007</u>	

Source: County Estimate of Needs (presented for informational purposes)

**MURRAY COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 185,698	\$ 185,698	\$ -
Less: Prior Year Outstanding Warrants	(107)	(107)	-
Less: Prior Year Encumbrances	(887)	(721)	166
Beginning Cash Balances, Budgetary Basis	184,704	184,870	166
Receipts:			
Total Receipts, Budgetary Basis	292,247	315,517	23,270
Expenditures:			
Total Expenditures, Budgetary Basis	476,951	345,465	131,486
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	154,922	\$ 154,922
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		93,377	
Add: Current Year Outstanding Warrants		34,317	
Ending Cash Balance		\$ 282,616	

Source: County Estimate of Needs (presented for informational purposes)

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PURPOSE, SCOPE, AND GENERAL METHODOLOGY

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2018.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the County's operations. Further details regarding our methodology are included under each objective.

We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

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.

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Objective 1: To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2018.

Conclusion: With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports. However, we noted some deficiencies in internal controls regarding the financial reporting process.

Objective 1 Methodology: To accomplish objective 1, we performed the following:

- Evaluated significant internal controls related to preparing the Treasurer's Monthly Reports, which included:
 - Reviewing a random sample of five (5) Treasurer's monthly reports (41.67% of months in the population tested) to ensure the monthly reports were signed and approved by someone other than the preparer, reconciled to the general ledger, and reconciled to the bank statement.
 - Reviewing a random sample of five (5) bank statements and related bank reconciliations (10.42% of the total bank statements in the population tested) to ensure bank reconciliations were signed and approved by someone other than the preparer and correctly reconciled to the bank statement.
- Reconciled total collections from the monthly reports to the apportionment ledgers for each month and to the annual summary of the Treasurer's reports.
- Confirmed \$6,160,854 in cash receipts (74.09% of total cash receipts) received from the Oklahoma Tax Commission, Federal grantor agencies, and the State Treasurer's Office, and determined that these receipts were apportioned to the proper fund in the proper amount.
- Reconciled the general ledger of cash and investments at June 30 to the annual summary of the Treasurer's reports.
- Confirmed all cash and investment balances.
- Re-performed the June 30 bank reconciliation and confirmed reconciling items.
- Reviewed bank balances of all accounts at June 30 on the Treasurer's general ledger to ensure that investments were adequately secured as required by 62 O.S. § 517.4.
- Examined the Treasurer's total cash disbursements and compared it to the County Clerk's total checks and cash vouchers issued to ensure the totals reconciled.

FINDINGS AND RECOMMENDATIONS

Finding 2018-010 – Inadequate Internal Controls Over the Monthly Reports (Repeat Finding)

Condition: Through inquiry and testing of internal controls over the monthly reports, the following was noted:

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- Monthly reconciliations were not performed between the County Treasurer’s general ledger and the County Clerk’s appropriation ledger.

Cause of Condition: Policies and procedures have not been designed and implemented by the County Clerk to ensure that the appropriation ledger reconciles with the County Treasurer’s general ledger.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management be aware of this condition and implement internal controls to ensure that the appropriation ledger reconciles to the general ledger each month.

Management Response:

County Clerk: Monthly reconciliation of the County Treasurer’s general ledger to the County Clerk’s appropriation ledger has been implemented.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions, and safeguarding assets from misappropriation. To help ensure a proper accounting of funds, reconciliations should be performed on a monthly basis and denoted indication of being reviewed and approved by someone other than the preparer.

Objective 2: To determine the County’s financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

Conclusion: With respect to the items tested, the County complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

Objective 2 Methodology: To accomplish objective 2, we performed the following:

- Evaluated significant internal controls related to sales tax, which included:
 - Reviewing sales tax collections to ensure the collection was apportioned and appropriated in accordance with the sales tax ballot and that the apportionment and appropriation were reviewed and approved.

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- Reviewing a random sample of sales tax disbursements totaling \$6,982 (0.59% of sales tax disbursements in the population tested) to ensure the expenditure was approved and made for the purposes designated in the sales tax ballot.
- Confirmed all sales tax receipts received from the Oklahoma Tax Commission.

Objective 3: To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Conclusion: With respect to the items tested, the County complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Objective 3 Methodology: To accomplish objective 3, we performed the following:

- Evaluated significant internal controls related to ad valorem tax collections, which included comparing the certified levies to the approved levies entered into the computer system to ensure levies were entered correctly.
- Recalculated the apportionment of ad valorem tax collections to determine collections were accurately apportioned to the taxing entities.

Objective 4: To determine whether the County's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations complied with significant laws and regulations.

Conclusion: The County's internal controls do not provide reasonable assurance that expenditures, including payroll, were accurately reported in the accounting records.

The County's financial operations did not comply with 19 O.S. § 1505, which requires that disbursements be properly supported, encumbered prior to receiving the goods or services, and charged to the appropriate fund and account.

Objective 4 Methodology: To accomplish objective 4, we performed the following:

- Evaluated significant internal controls related to the expending of County funds through purchase orders, which included reviewing a random sample of purchase orders totaling \$17,883 (0.60% of purchase orders in the population tested) to ensure:
 - The purchase order was requisitioned and signed by an approved Requisition County Official,
 - The encumbrance was made, or funds were available prior to ordering goods or services and the encumbrance was approved by the County Clerk/Deputy,

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- The disbursement was reviewed and authorized and supported by adequate documentation, and
- The BOCC reviewed and approved the disbursement and the disbursement was made for the appropriate amount.

- Evaluated significant internal controls related to the expending of County funds through cash vouchers, which included reviewing a random sample of cash vouchers totaling \$21,926 (49.77% of cash vouchers in the population tested) to ensure:
 - The disbursement was reviewed and authorized,
 - The claimant signed the cash voucher claim,
 - The disbursement was made for the appropriate amount, and
 - The disbursement was supported by adequate documentation.

- Evaluated significant internal controls related to payroll expenditures, which included reviewing a random sample of five(5) payroll claims (5.21% of payroll claims in the population tested) to ensure:
 - Timesheets are accurate and are signed by the employee and supervisor,
 - The payroll claim was reviewed and approved, and
 - The payroll claim was supported by adequate documentation.

FINDINGS AND RECOMMENDATIONS

Finding 2018-003 - Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of the County Officers and observation of the disbursement process, the audit of forty (40) disbursements reflected four (4) disbursements were not timely encumbered.

The audit of thirty (30) cash voucher disbursements reflected the following:

- Thirty (30) claims did not have the signature of the claimant.
- Fourteen (14) claims did not have the adequate documentation attached (receiving reports and payroll verification reports).

Cause of Condition: Policies and procedures have not been designed and implemented with regards to the disbursement process to strengthen internal controls and ensure compliance with state statute.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financials reports, undetected errors, or misappropriation of funds.

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Recommendation: OSAI recommends the County implement a system of internal controls over the disbursement process to ensure compliance with state statute. Further, OSAI recommends encumbrances be made prior to the receipt of goods and/or services in accordance with 19 O.S. § 1505 (C)(2)(3).

Management Response:

Chairman, Board of County Commissioners: We will work to make sure proper purchasing procedures are followed.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

Title 19 O.S. § 1505(C)(2)(3) requires that funds be encumbered prior to the ordering of goods or services.

All Objectives:

The following findings are not specific to any objective but are considered significant to all the audit objectives.

Finding 2018-005 – Inadequate County-Wide Controls (Repeat Finding)

Condition: County-wide controls regarding Risk Assessment and Monitoring have not been designed.

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

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

Recommendation: OSAI recommends that the County design and implement procedures to identify and address risks. OSAI also recommends that the County design 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, Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls.

**MURRAY COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then must formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS

Murray County
Board of County Commissioners
Murray County Courthouse
Sulphur, Oklahoma 73086

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2018:

- All County Offices - Fixed Assets procedures (19 O.S. § 178.1, 19 O.S. § 178.2, and 69 O.S. § 645).
- All County Offices - Consumable Inventories procedures (19 O.S. § 1502 and 19 O.S. § 1504).
- Court Clerk procedures (20 O.S. § 1304 and 19 O.S. § 220).
- Inmate Trust Fund procedures (19 O.S. § 531 and 19 O.S. § 180.43).

Our statutory compliance engagement was limited to the procedures related to the statutes above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Murray County.

Based on our procedures performed, there were no exceptions noted.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

June 18, 2019



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



Cindy Byrd, CPA | State Auditor & Inspector

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