OPERATIONAL AUDIT

Murray County

July 1, 2007 through June 30, 2012

Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

MURRAY COUNTY OPERATIONAL AUDIT
FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2012

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Oklahoma State Auditor & Inspector

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September 6, 2013

TO THE CITIZENS OF
MURRAY COUNTY, OKLAHOMA

Transmitted herewith is the audit report of Murray County for the period July 1, 2007 through June 30, 2012.

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,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

BACKGROUND

Created at statehood from part of the Chickasaw Nation, Murray County was named for William H. Murray, who eventually became the ninth governor of Oklahoma.

Sulphur, the county seat, was originally called Sulphur Springs for the bromide and sulphur waters that attracted thousands of people to the area early in the 20th century. The Arbuckle Mountains, Turner Falls, and the Chickasaw National Recreational Area, including the 2,400-acre Lake of the Arbuckles, have made Murray County a leading tourist attraction.

Initial Point, which determines the legal description of all land in Oklahoma except for the Panhandle, is located in Murray County some six miles west of Davis. Intersecting this point, the Indian Base Line runs east and west, and the Indian Meridian runs north and south. A sandstone marker indicating the spot is located in a pasture on privately owned land. For more information, call the county clerk's office at 580/622-3920.

County Seat – Sulphur | Area – 424.92 Square Miles

County Population – 12,960
(2009 est.)

Farms – 530 | Land in Farms – 197,022 Acres

Primary Source: Oklahoma Almanac 2011-2012

COUNTY OFFICIALS

Scott Kirby..County Assessor
David Thompson..County Clerk
Billy Frank Lance ....County Commissioner District 1
Jim Britt ....County Commissioner District 2
Darrell Hudson..County Commissioner District 3
Darin Rogers ....County Sheriff
Judy Wells..County Treasurer
Christie Pittman ....Court Clerk

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for FY 2011

	Beginning Cash Balance July 1, 2010	Receipts Apportioned	Disbursements	Ending Cash Balance June 30, 2011
Combining Information:				
County General Fund	$ 3,153,455	$ 2,504,723	$ 2,168,542	$ 3,489,636
T-Highway	725,437	1,273,904	1,355,688	643,653
County Health	149,039	154,913	156,821	147,131
Sheriff Special Fee	44,564	86,868	106,995	24,437
Arbuckle Memorial Hospital Sales Tax	109,221	1,450,227	1,449,690	109,758
Sheriff Emergency 911	29,148	349,739	357,632	21,255
Highway CBRI	-	1,139,706	231	1,139,475
Remaining Aggregate Funds	389,344	411,752	250,301	550,795
Combined Total - All County Funds	$ 4,600,208	$ 7,371,832	$ 5,845,900	$ 6,126,140

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

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for FY 2012

	Beginning Cash Balance July 1, 2011	Receipts Apportioned	Disbursements	Ending Cash Balance June 30, 2012
Combining Information:				
County General Fund	$ 3,489,636	$ 2,652,263	$ 2,216,467	$ 3,925,432
T-Highway	643,653	1,423,657	1,349,566	717,744
County Health	147,131	166,228	134,191	179,168
Sheriff Special Fee	24,437	121,265	97,524	48,178
Arbuckle Memorial Hospital Sales Tax	109,758	1,562,204	1,542,080	129,882
Sheriff Emergency 911	21,255	363,092	363,807	20,540
Highway CBRI	1,139,475	206,996	-	1,346,471
Remaining Aggregate Funds	550,795	246,527	236,890	560,432
Combined Total - All County Funds	$ 6,126,140	$ 6,742,232	$ 5,940,525	$ 6,927,847

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

PURPOSE, SCOPE, AND SAMPLE 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.

The audit period covered was July 1, 2007 through June 30, 2012.

Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

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. 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.

Objective 1:	To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2011 and FY 2012.

Conclusion: With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances appear to be accurately presented on the County Treasurer's monthly reports. However, internal controls over the monthly reports and segregation of duties within the Treasurer's office should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to the process of accurately presenting the receipts apportioned, disbursements, and cash balances on the County Treasurer's monthly reports through discussions with the County Treasurer, observation, and review of documents.

- Performed the following to ensure receipts apportioned, disbursements, and cash balances were accurately presented on the County Treasurer's monthly reports:
    - Reconciled County Treasurer's receipts to amounts apportioned on the County Treasurer's monthly reports.
    - Reconciled the County Clerk's warrants issued to disbursements paid by the County Treasurer.
    - Re-performed the bank reconciliations at June 30, 2011 and June 30, 2012, to determine that all reconciling items were valid, and ending balances on the general ledger agreed to the ending balances reflected on the Treasurer's monthly reports.

Finding: Inadequate Internal Controls Over the County Treasurer's Monthly Reports and Lack of Segregation of Duties in the County Treasurer's Office

Condition: When documenting the process over the monthly reports, we noted the following:

- Apportionments are not reviewed and approved by someone other than the preparer.
- Bank reconciliations are not reviewed and approved by someone other than the preparer.
- Computers do not automatically log out after periods of inactivity.
- There is no documentation to confirm the County Clerk reconciles all funds with the County Treasurer.
- Duties are not adequately segregated in the County Treasurer's office, as follows:
    - All employees issue receipts.
    - All employees work from the same cash drawer.
    - The same employee prepares the daily deposit, issues receipts and reconciles the bank accounts to the accounting records.

Cause of Condition: Procedures have not been designed to review apportionments, disbursements, cash balances, and verify that these amounts are accurately presented on the monthly reports. Further, duties regarding the collections process have not been adequately segregated.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County Treasurer implement a system of internal control to provide reasonable assurance that receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports. To improve controls over the County Treasurer's monthly reports, we recommend the following:

- Apportionments should be reviewed and approved by someone other than the preparer.
- Bank Reconciliations should be reviewed by someone other than the preparer.
- Everyone issuing receipts should have their own cash drawer.
- Duties should be adequately segregated so that individuals issuing receipts do not prepare the deposits, deliver the deposits to the financial institutions, or reconcile the bank statements.
- The funds presented on the County Clerk's appropriation ledger and the Treasurer's general ledger should be reconciled monthly. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

Management Response:
County Treasurer: I understand all of the above findings, but with only three employees in my office, it is not always possible to segregate all duties. We will try to do better by having two people sign off on certain duties and try to segregate duties when possible. As County Treasurer, I feel I should be working as hard as my employees.

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, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Objective 2:	To determine the County's financial operations complied with 62 O.S. § 517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments.

Conclusion: With respect to the days tested, the County generally complied with 62 O.S. § 517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments. However, internal controls over pledged collateral should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to pledged collateral through discussions with the County Treasurer, observation, and review of ledgers and documents.
- Tested compliance of the significant law, which included the following:
  - Selected two days per month from banks holding deposits of county funds and determined that bank balances were adequately collateralized.
  - Reviewed 100% of audit period for banks holding investments and determined that balances were adequately collateralized.

Finding: Inadequate Internal Controls Over Pledged Collateral and Noncompliance with Statute

Condition: Upon inquiry of County personnel, observation, and review of documents regarding the pledged collateral process, the following was noted:

- Internal controls have not been designed to monitor deposits daily to ensure bank balances are adequately collateralized.

Additionally, four instances of noncompliance were noted in our test of pledged collateral.

- The County was not adequately pledged at a local bank for four of one hundred twenty days:
  - August 10, 2010 in the amount of $308,133.17.
  - August 12, 2010 in the amount of $160,087.05.
  - October 14, 2010 in the amount of $210,725.14.
  - January 3, 2011 in the amount of $250,304.96.

Cause of Condition: Procedures have not been designed to review daily bank deposits to determine they are adequately secured.

Effect of Condition: Failure to monitor pledged collateral amounts could result in unsecured county funds and possible loss of county funds.

Recommendation: OSAI recommends that the County Treasurer design procedures to compare bank balances to the fair market value of pledged collateral on a daily basis to ensure that county funds are adequately secured and that the County is in compliance with statutes. Documentation for this daily procedure should be maintained.

Management Response:
County Treasurer: I agree with your findings. I will check my bank balances daily to try to prevent this in the future.

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.

Effective internal controls require that monitoring pledged securities be performed on a daily basis to ensure compliance with 62 O.S. § 517.4.

Objective 3:	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 generally 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. However, internal controls should be strengthened regarding the collection and apportionment of sales tax funds.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal control process of receipting, apportioning, and disbursing sales tax collections through discussions with County personnel, observation, and review of documents.

- Tested compliance of the significant law, which included the following:
    - Reviewed sales tax ballots to determine designation and purpose of sales tax collections.
    - Obtained confirmations from the Oklahoma Tax Commission for sales tax payments made to the County and recalculated the amounts apportioned by the County Treasurer to ensure sales tax collections were apportioned to the proper funds.
    - Determined sales tax collections designated for the benefit of the general government were appropriated to the proper fund.
    - Selected a random sample of 200 purchase orders from the Sales Tax Revolving Fund and determined that expenditures were made for purposes designated on the sales tax ballot.

Finding: Inadequate Internal Controls Over the Calculation of Sales Tax and Noncompliance

Condition: Upon inquiry and observation of the recordkeeping process of apportioning sales tax collections, the following was noted:

- The calculation of sales tax collections that are appropriated by the County Clerk is not reviewed or approved by someone other than the preparer.

Additionally, the following errors in appropriation of sales tax were noted:

- A variance of ($714.71) was noted between the sales tax apportioned and appropriated. Sales tax apportioned to the General Fund for the period July 1, 2007 through June 30, 2012, totaled $6,761,265.93. The amount appropriated to the accounts within the General Fund totaled $6,760,551.22.

- For the period July 1, 2009 through June 30, 2012, the rural fire departments were not appropriated the full 3.5% as designated by Resolution No. 7201-3 and Resolution No. 9-6-2011B.

When performing the test of expenditures from the sales tax, the following was noted:

- A statement, in the amount of $318.53, attached to 1 of the 200 purchase orders tested, did not contain enough detail to determine if the expenditure was made for the purpose designated on the sales tax ballot.

Cause of Condition: Procedures have not been designed to review the sales tax apportionment and ensure sales tax collections are accurately appropriated to designated funds.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, and noncompliance with statutes.

Recommendation: OSAI recommends that procedures be designed to review the calculation of the sales tax apportionment and appropriation to ensure collections are distributed in accordance with the sales tax ballot. Further, a detailed invoice should be attached to all purchase orders.

Management Response:
County Clerk: Sales tax appropriations will be reviewed and approved and documentation will be retained. The 3.5 % for rural fire departments has been corrected. In addition, we will strive to ensure that purchase orders have proper documentation attached.

Criteria: Internal controls should be designed to analyze and check accuracy and completeness. To help ensure proper accounting of funds, the duties of allocating and apportioning sales tax should be reviewed and documented by an independent party and would include expenditure procedures that ensure compliance with 68 O.S. § 1370E.

Objective 4:	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. However, internal controls over the apportionment of ad valorem taxes should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of apportioning and distributing ad valorem tax collections, which included discussions with County personnel, observation, and review of documents.

- Tested compliance of the significant law, which included the following:
  - Compared the certified levies for the audit periods to the computer system to determine the County Treasurer applied the certified levies, as fixed by the Excise Board of the County, to the tax rolls.
  - Recalculated the apportionment of ad valorem tax collections to determine collections were accurately apportioned to the taxing entities.

Finding: Inadequate Internal Controls Over the Ad Valorem Tax Apportionments

Condition: The County did not maintain documentation that certified levies were reviewed for accuracy when entered into the ad valorem tax system by the County Treasurer.

Cause of Condition: Procedures have not been designed to document and retain evidence of procedures performed to ensure ad valorem tax levies are accurately entered into the ad valorem system.

Effect of Condition: Since there is no evidence of the controls to review, we could not determine that controls are operating effectively.

Recommendation: OSAI recommends that the County Treasurer implement a system of internal control to provide reasonable assurance that the tax levies are entered into the Treasurer's system accurately to maintain evidence of these controls.

Management Response:
County Treasurer: I agree with your findings. Two employees will be doing this in the future.

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. Internal controls should be designed to analyze and check accuracy and completeness. To help ensure proper accounting of funds, the duties of allocating, and apportioning ad valorem tax should be segregated or reviewed by an independent party.

Objective 5:	To determine the County's financial operations complied with 19 O.S. § 1505C, 19 O.S. § 1505E, and 19 O.S. § 1505F, which outlines procedures for expending county funds.

Conclusion: With respect to the items tested, the County did not comply with 19 O.S. § 1505C and 19 O.S. § 1505E which prescribes the procedures established for the requisition, purchase, lease-purchase, rental and receipt of supplies, material, and equipment for maintenance, operation, and capital expenditures of county government. The County did comply with 19 O.S. § 1505F which outlines the process for approval of expenditures.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of encumbering purchase orders, authorization of payment of purchase orders, and documenting goods and services received, which included discussions with County personnel, observation, and review of documents.

- Tested compliance of the significant law, which included the following:
  - Selected a random sample of 200 purchase orders/cash voucher claims from county funds and determined that:
    - Encumbrance was made prior to ordering or receiving the goods.
    - Receiving report was completed and authorized by receiving officer/services were verified.
    - Invoice for goods/services was itemized.
    - The claim was reviewed/authorized by the County Clerk.
    - The Board of County Commissioners (BOCC) and/or management approved the purchase order/claim.

Finding: Inadequate Internal Controls Over Purchasing Procedures and Noncompliance with Statute

Condition: Through discussions with County personnel, observation, and review of documents, we noted the following control weaknesses with regard to purchasing procedures:

- The purchasing agent retains the County Clerk's and all three County Commissioners' signature stamps. These stamps are used by the purchasing agent to approve warrants for expenditures.

- The BOCC secretaries retain the three Commissioners' signature stamps. These stamps are used to requisition county highway purchase orders.

Our test of 200 purchase orders/cash voucher claims revealed the following noncompliance with regard to purchasing statutes:

- Twenty were not encumbered prior to ordering or receiving the goods.
- Twenty receiving reports were not completed and authorized by receiving officer/services were not verified.
- Four invoices were not itemized.

Cause of Condition: Procedures designed by state statutes have not been adequately implemented.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, misappropriation of funds, inaccurate records, incomplete information, and noncompliance with state statutes.

Recommendation: OSAI recommends the County implement procedures to ensure compliance with purchasing statutes. In addition, OSAI recommends signature stamps be adequately safeguarded from unauthorized use and filed with the Secretary of State.

Management Response:
County Clerk: The condition regarding the signature stamps has been corrected. Our office will strive to ensure compliance with purchasing procedures.

Criteria: Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505C, 19 O.S. § 1505E, and 19 O.S. § 1505F.

Objective 6:	To determine the County's financial operations complied with 19 O.S. § 1505B, which requires county purchases in excess of $10,000 be competitively bid.

Conclusion: With respect to the items tested, the County generally complied with 19 O.S. § 1505B, which requires that purchases in excess of $10,000 be competitively bid. However, internal controls should be strengthened regarding the bidding process.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of competitively bidding purchases in excess of $10,000, which included discussions with County personnel, observation, and review of documents.

- Tested compliance of the significant law, which included the following:
  - Selected a random sample of twenty-five purchases in excess of $10,000 and determined:
    - Notice of bid was mailed to vendors on bid list.
    - Notice of bid was published in the County wide newspaper.
    - Notices were sent ten days prior to date that bids were opened.
    - The BOCC selected successful bid in open meeting.
    - Lowest bid was accepted or a reason was given for not selecting lowest bid.
    - Successful bidder was notified.

Finding: Inadequate Internal Controls Over County Purchases in Excess of $10,000 and Noncompliance with Statute

Condition: Internal controls over the bidding process have not been properly implemented and as a result, the following discrepancies have occurred:

- Affidavits for the mailing of bid packets were not prepared.
- Bid packets do not always indicate the time and date received.

Cause of Condition: Procedures have not been designed and implemented to document compliance with state statute and provide assurance that controls are in place.

Effect of Condition: These conditions could result noncompliance with state statute.

Recommendation: OSAI recommends the County implement procedures to ensure bidding is properly performed. These procedures should include:

- Affidavits of "notice to bid" for each person or vendor mailed a bid packet, be retained in the bid file.
- Documentation of bid date and time stamped on the bid package.

Management Response:
County Clerk: We have already implemented the OSAI recommendations.

Criteria: Effective internal controls require that management properly implement procedures to ensure that the county complies with 19 O.S. § 1505B.

Objective 7:	To determine the County's financial operations complied with 19 O.S. § 180.74 and § 180.75 regarding amounts allowed for officers' salaries.

Conclusion: With respect to the salaries tested, the County complied with 19 O.S. § 180.74 and 180.75, which establishes limitations on the amount of county officers' salaries. However, internal controls over the payroll expenditure process should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of determining amounts allowed for officers' salaries, which included discussions with County personnel, observation, and review of documents.

- Tested compliance of the significant law, which included the following:
    - Reviewed the salaries paid to officers to determine that it was not in excess of the amount allowed by statute.

Finding: Inadequate Internal Controls Over the Calculation of Salary Limitations for Officers

Condition: The County does not have procedures in place to ensure that salaries are calculated in accordance with state statutes.

Cause of Condition: Procedures to ensure compliance with these statutes were not designed and implemented due to the County officials being unaware of a need for such procedures.

Effect of Condition: This condition could result in noncompliance with salary limitations; particularly in the event of fluctuations in the ad valorem tax revenue and population of the County that determines salary limitations.

Recommendation: OSAI recommends the County implement procedures to ensure that the amounts paid to the County officers do not exceed the amounts allowed. These procedures should include calculating the maximum amount allowable, having an independent review of those calculations, and retaining documentation for audit purposes.

Management Response:
BOCC Chairman: We are currently working on procedures to better document this information.

District 1 Commissioner: The Murray County Assessor brings the most current and updated figures with calculations before the Board of Commissioners, all County Officers, and the Murray County Excise Board each year. We will follow OSAI recommendations and have an independent review of the calculations and retain it in our County Commissioner's minutes for audit purposes. We will also have several officers double-check those figures.

Criteria: Effective controls include management design procedures to ensure that officers' salaries comply with 19 O.S. § 180.74 and 180.75.

Finding: Inadequate Segregation of Duties Over the Payroll Expenditures

Condition: It was determined through discussion with County personnel, observation, and review of documents that the payroll process was not adequately segregated.

- The Payroll Clerk enters new employees into the system, inputs payroll information into the system, maintains personnel files, prepares the OPERS reports, and state and federal tax reports.
- The Purchasing Agent retains the County Clerk's and all three County Commissioners' signature stamps. These stamps are used by the Purchasing Agent to approve all payroll warrants.
- Time sheets are not signed or approved by management.

Cause of Condition: In an effort to maximize efficiency and available resources, the County has relied upon one individual to perform the majority of the payroll process. In addition, to expedite the approval process, the Purchasing Agent stamps all warrants with the County Clerk and Chairman's signature stamp.

Effect of Condition: Due to the conditions mentioned above, an opportunity for errors and misappropriation of county assets exists.

Recommendation: OSAI recommends the key accounting functions of the payroll process be adequately segregated as follows:

- Enrolling new employees and maintaining personnel files.
- Reviewing time records and preparing payroll.
- Approving payroll warrants
- Distributing payroll warrants to individuals.

In addition OSAI recommends implementing internal controls to ensure management reviews and approves timesheets.

Management Response:
BOCC Chairman: We have corrected the conditions regarding signature stamps and timesheets as of January, 2013.

District 1 Commissioner: We have already implemented OSAI's recommendations regarding signature stamps and timesheets.

County Clerk: At this time I am unable to segregate duties, due to limited number of personnel. However, we will implement internal controls to reduce risk. Signature stamps are no longer being used by the Purchasing Agent and I, as the County Clerk, will start signing timesheets.

Criteria: Effective internal controls requires key functions within a process be adequately segregated to allow for prevention and detection of errors and abuse.

Objective 8:	To determine the County's financial operations complied with 19 O.S. § 1504A, which requires the receiving officer to maintain a record of all supplies, materials, and equipment received, disbursed, stored, and consumed by his department.

Conclusion: With respect to the items tested, the County did not comply with 19 O.S. § 1504A, which requires the receiving officer to maintain a record of all supplies, materials, and equipment received, disbursed, stored and consumed by their department.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of maintaining a record of all supplies, materials, and equipment received, disbursed, stored and consumed by a department, which included discussions with County personnel, observation, and review of documents.

- Tested compliance of the significant law, which included the following:
  - Selected a sample of fifteen, five from each district barn, consumable records to determine that the district barns are maintaining accurate records and that the records agree to a physical inventory count.
  - Reviewed fuel logs for Districts 1, 2, and 3 to determine that fuel logs are maintained, reconciled, and agree to actual fuel on hand.

Finding: Inadequate Internal Controls Over Consumable Inventory and Noncompliance with Statute

Condition: Upon inquiry of County personnel, observation, and review of documents, regarding consumable inventories, the following was noted:

- The consumable inventory process is not adequately segregated. District 1, 2, and 3 each have one person that is in charge of consumable inventories and that person performs all key processes including recording, maintaining, and verifying consumable inventories.

- District 1, 2, and 3 did not retain documentation of the count of physical inventories for consumables.

While performing test work regarding consumable inventories, the following was noted:

- For the fifteen consumable items tested, six did not agree to physical count on hand.

District	Consumable Item	Variance
District 1	Grader Blades	22 blades short
District 1	12” Tin-Horn	6ft. short
District 2	18” Tin-Horn	18ft. short
District 2	Grader Blades	1 blade long
District 3	12” Tin-Horn	25 ft. long
District 3	24” Tin -Horn	34 ft. long

- Fuel tanks were measured at each county barn and compared to balance recorded on fuel logs. District 1, 2, and 3 fuel logs did not agree to actual fuel on hand.

District	Type of Fuel	Variance
District 1	Diesel	121.9 gallons long
District 1	Gasoline	37.8 gallons long
District 2	Diesel	66.13 gallons long
District 2	Gasoline	54.5 gallons short
District 3	Diesel	8.25 gallons long
District 3	Gasoline	8.18 gallons short

Cause of Condition: Procedures have not been implemented for the accurate reporting of consumable inventories.

Effect of Condition: These conditions could result in inaccurate records, unauthorized use of consumable inventories, or loss of consumable inventories.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 1504A. These controls would include:

- Performing and documenting a periodic physical count of inventory.
- Separating the key functions of receiving, maintaining and verifying consumable inventories.
- Maintaining a fuel log with all pertinent information and with a current balance.
- Reconciling fuel log periodically to fuel on hand and explain any variance or adjustments.

Management Response:
District 1 Commissioner: The District 1 Foreman and Secretary will do a physical count every three months. They will sign and date each stock card. They will also strap and check the fuel tanks monthly as well.

District 2 Commissioner: Changes in our inventory, such as physical count of consumables have been made to make our inventory correct. Our differences in fuel and other consumables have been adjusted. We will, from now on, keep a better count on both. Fuel sticks and charts are now in place to ensure a close watch on what we have.

District 3 Commissioner: Adjustments have been made to stock cards to better record inventory and we will be making reviews of inventory more frequently by 2 designated employees.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls 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 acquisition, use or disposition of consumable inventory items, and safeguarding consumable inventory items from loss, damage, or misappropriation. Effective internal controls include designing and implementing procedures to ensure compliance with 19 O.S. § 1504A.

Objective 9:	To determine the County's financial operations complied with 19 O.S. § 178.1 and 69 O.S. § 645, which requires the maintenance of inventory records, periodic inventory verifications, and that equipment be clearly and visibly marked "Property of" the County.

Conclusion: With respect to items tested, the County generally complied with 19 O.S. § 178.1, which requires the maintenance of inventory records and periodic inventory verifications. With respect to the items tested, the County complied with 69 O.S. § 645, which requires equipment to be clearly and visibly marked "Property of" the County.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of maintaining inventory records, verifying inventory, and marking equipment "Property of" the County, which included discussions with County personnel, observation, and review of documents.

- Tested compliance with significant law, which included:
  - Selected a random sample of fifty-seven fixed assets, which included three from each office or department and ten from each district barn, and verified to their records of inventories to determine that inventory records are correct and that equipment be clearly and visibly marked “Property of Murray County” as required by 69 O.S. § 645.

Finding: Inadequate Internal Controls Over Fixed Assets Inventories and Noncompliance with Statutes

Condition: Upon inquiry and observation the following weaknesses over fixed assets inventories were noted:

- The County has not designed internal controls to provide for adequate segregation of duties over the fixed assets inventory process.
- The County has not set forth procedures to perform and document an annual physical inventory to ensure compliance with 19 O.S. § 178.1.

Cause of Condition: Policies and procedures have not been designed to ensure compliance with state statute regarding the identification and accounting of fixed assets.

Effect of Condition: These conditions resulted in noncompliance with statutes.

Recommendation: OSAI recommends the County comply with 19 O.S. § 178.1 by performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed assets recordkeeping process.

Management Response:
District 1 Commissioner: Murray County is a small county with a small tax base and small number of employees. We strive to do the best job we can and segregate duties as much as possible, but with a minimal number of employees, it is sometimes hard to do. We will continue to take all OSAI recommendations and to comply with them as best as we possibly can.

District 2 Commissioner: In response to these findings, we will perform an annual inventory count with at least two people and will maintain documentation.

District 3 Commissioner: District 3 is currently updating and implementing new procedures to address these findings.

County Clerk: We will start performing and documenting an inventory of fixed assets with verification.

County Treasurer: We do check our inventory regularly, and in the future there will be two employees checking the inventory to ensure a better process. They will sign and date each time the inventory is checked.

County Sheriff: The current administration will maintain inventory records and clearly and visibly mark all county equipment by affixing "Property of" the County labels. The inventory will be conducted annually and filed with the Murray County Clerk's Office.

County Assessor: The Office of County Assessor will work to improve on the current way our fixed asset inventory is being handled. The County Assessor's office will follow the recommendation of the State Auditor and Inspector's Office in regards to managing inventory and complying with state statutes.

Court Clerk: We will provide segregation of duties over the fixed assets inventory process. The Court Clerk's office will perform an annual physical inventory.

Election Board Secretary: We will start implementing an annual inventory with documentation as recommended by the State Auditor.

Assistant District Attorney: We will perform and document inventory of assets annually.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls 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 acquisition, use or disposition of fixed assets, and safeguarding items form loss, damage, or misappropriation.

Objective 10:	To determine the County's financial operations complied with 19 O.S. § 682, which requires officers to deposit daily in the official depository all collections received under the color of office.

Conclusion: With respect to the days tested and items reconciled, the County generally complied with 19 O.S. § 682, which requires officers to deposit daily in the official depository all collections received under the color of office. However, internal controls over receipting and depositing should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of officers depositing daily in the official depository, all collections received under the color of office, which included discussions with County personnel, observation, and review of documents.

- Tested compliance with 19 O.S. § 682, which included reviewing a sample of receipts from the County Assessor, County Election Board, County Clerk, County Sheriff, County Health Department, Court Clerk, and County Treasurer's accounts and verifying the following:
    - All monies were receipted.

- Monies were deposited daily.

Finding: Inadequate Internal Controls Over Officers' Official Depository Receipts and Deposits and Noncompliance with Statute

Condition: Upon inquiry and review of the receipting and depositing process in each office, we noted the following weaknesses with regard to receipting and depositing official depository collections:

- **County Assessor:**
    - All employees operate from the same cash drawer.
    - Receipts do not bear the name of the office or account.
    - Monies collected are receipted and deposited into a cash account. The Assessor does not have an account within the official depository.
    - One individual issues receipts, reconciles the cash drawer, and takes the deposit to the Treasurer.

- **County Election Board:**
    - All employees operate from the same cash drawer.
    - Receipts do not bear the name of the office or account.
    - One individual issues receipts, reconciles the cash drawer, prepares the deposit, and takes the deposit to the Treasurer.
    - Mail logs are not maintained.

- **County Clerk:**
    - All employees operate from the same cash drawer.
    - One individual issues receipts, reconciles the cash drawer, prepares the deposit, takes the deposit to the Treasurer, and reconciles accounts at the end of the month.
    - Mail logs are not maintained.

- **County Sheriff:**
    - One individual issues receipts, prepares the deposit, takes the deposit to the Treasurer.
    - Receipts do not bear name of office or account.
    - The Sheriff's office does not reconcile to the Treasurer's records.
    - Mail logs are not maintained.

- **County Health Department:**
    - One individual issues receipts, prepares the deposit, and takes the deposit to the Treasurer.
    - Mail logs are not maintained.

- **Court Clerk:**
    - All employees operate from the same cash drawer.
    - One individual issues receipts, prepares the deposit, and takes the deposit to the Treasurer.
    - No mail logs were maintained until February, 2012.

- **County Treasurer:**
  - All employees operate from the same cash drawer.
  - One individual issues receipts, prepares and makes the deposit.
  - Mail logs are not maintained.

Additionally**,** our test of receipts revealed the following noncompliance with regard to:

Sheriff's Bail Bond Account:

- A cash bond in the amount of $565.50 was deposited on December 3, 2007, but no receipt was issued.
- Monies received and receipted were not always deposited daily.

Sheriff's Special Fee Account:

- Receipts were not issued for all monies collected. Instead the funds were taken directly to the Treasurer to be deposited.
- Receipts were issued for money orders that were forwarded to other agencies.
- Monies received and receipted were not always deposited daily.

Cause of Condition: Policies and procedures have not been designed to ensure receipts are issued for all collections received and all monies received are timely deposited. Additionally, due to the limited number of personnel within each office, one individual is responsible for all the key functions of the office.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends establishing a system of controls to adequately protect the collection of each office, which include but are not limited to the following:

- The employee who prepares the deposit should not issue receipts or reconcile the account to the Treasurer's monthly report.
- Each office should establish separate cash drawers for all employees receiving cash and funds should be reconciled to collections each day.
- Receipts issued should bear name of office and account and should be pre-numbered duplicate receipts, issued in sequential order for all monies collected.
- Each office should establish procedures to reconcile accounts to the Treasurer's records.
- Mail logs should be maintained and periodically reviewed.

Management Response:
County Assessor: The Office of the County Assessor will work with the County Treasurer to establish an Official Depository account upon the recommendation of the State Auditor and Inspector. The County Assessor's office will also follow the recommendations of the State Auditor and Inspector in regards to the handling of receipts and deposits. The County Assessor's office will work toward complying with the state statutes.

County Election Board: Printed receipt books will be ordered and used as recommended by state auditors. A mail log will be implemented for monies received. Regarding segregation of duties, there are only two people working in this office. Money only comes in for elections and it is difficult to share these duties.

County Clerk: With three employees, I am doing the best I can with the number of people I have. I will personally spend more time overseeing the day to day operations.

County Sheriff: The current administration will handle all financial operations as follows. All money collected in the Sheriff's office will be receipted by one individual. At the end of each day, money and receipts will be reconciled and deposit will then be prepared by another individual. Any money orders made out to an agency other than Murray County Sheriff's Office will be mailed by the individual and not by the Sheriff's Office. Deposits will be taken to the Treasurer by the Sheriff or the Under-Sheriff. Any money collected in the Sheriff's office on the weekend will be deposited with the Treasurer on the next business day. The Sheriff's office records will be reconciled to the Treasurer's records monthly and kept on file with the Treasurer's office. The current administration will order new pre-numbered duplicate receipts with Murray County Sheriff's Office on each receipt and begin using immediately. Mail logs will be maintained immediately and reviewed by the Sheriff.

County Health Department: The findings were reviewed with clerical staff on March 11, 2013. All steps are and will be taken to separate these duties between the two clerks on staff. In addition, a mail log will be maintained beginning March 11, 2013. All monies received through the mail will be documented on the log. The log will be reviewed by the Administrative Assistant and checked against the deposit reports monthly.

Court Clerk: The Court Clerk concurs with the State Auditor's findings. This office will continue to maintain a mail log and will perform periodic reviews of the log. Management will perform periodic reviews of the office operations.

County Treasurer: Due to the size of our office and number of employees, I feel that some recommendations are just not possible. I will study the possibility of cash drawers. I cannot see the benefit of a mail log, but will consider this also.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receipting, reconciling the cash drawer, preparing and making deposits, and reconciling account balances should be segregated. A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, or clerical errors that are not detected in a timely manner.

Objective 11:	To determine the County Court Clerk's financial operations complied with 19 O.S. § 220 and 20 O.S. § 1304, which outlines procedures for expending Court Clerk Revolving Fund monies and Court Fund monies, respectively.

Conclusion: With respect to the items tested, the County complied with 19 O.S. § 220 and 20 O.S. § 1304, which outlines procedures for expending Court Clerk Revolving Fund monies and Court Fund monies, respectively. However, internal controls over the Court Clerk Revolving Fund and the Court Fund should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to expending Court Clerk Revolving Fund monies and Court Fund monies, which included discussions with County personnel, observation, and review of documents.

- Tested a sample of thirty Court Clerk Revolving Fund claims for compliance with 19 O.S. § 220 and determined:
  - Expenditures were made for the lawful operation of the office.
  - Claims were approved by the Court Clerk and either the District or Associate District Judge.

- Tested a sample of one-hundred seven Court Fund claims for compliance with 20 O.S. § 1304 and determined:
  - Expenditures were made for the operation of the court.
  - Claims were approved by the District Judge and either the Court Clerk or the Associate District Judge.

Finding: Inadequate Internal Controls Over Court Clerk Revolving Fund and Court Fund Duties

Condition: Upon inquiry, observation, and testing of the Court Clerk Revolving Fund and Court Fund expenditure processes, the duties regarding the expenditures process are not adequately segregated.

Court Clerk Revolving Fund:
- The Court Clerk orders items, prepares and approves claims, receives approval from the District Judge, submits cash voucher claim to County Clerk for payment.

Court Fund:
- The Court Clerk orders the items, prepares and approves the claim, prepares and issues the vouchers, and reconciles the account at the end of the month.

Cause of Condition: Since the Court Clerk is ultimately responsible for the Court Clerk Revolving Fund and the Court Fund, she feels it is her responsibility to perform the related duties.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, misstated financial statements, or misappropriation of funds.

Recommendation: OSAI recommends that procedures be developed to separate key functions of the Court Clerk Revolving Fund and Court Fund expenditure process. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls that would mitigate the risks involved with a concentration of duties. Compensating controls that would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response:
Court Clerk: The Court Clerk concurs with the State Auditor's findings. In an effort to adequately segregate duties the following plan has been put into place. The first deputy will place all orders. Once an invoice is received from an order the Court Clerk will prepare a claim. A receiving agent will acknowledge the supplies delivered or services rendered on the claim. The Court Clerk will review and approve the claim. The claim will be delivered to the District Judge/Associate Judge for approval. A different employee will issue the voucher and mail the voucher. The end of the month report will be checked by a second employee.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of preparing the claim, approving the claim, preparing the vouchers, signing the vouchers, and reconciliation of the accounts should be segregated.

All Objectives:

Finding: Inadequate County-Wide Controls

Condition: Through the process of gaining an understanding of the County's internal control structure, it was noted that risk assessment and monitoring procedures have not been designed.

Cause of Condition: The County was not fully aware of the benefits gained by risk assessment and monitoring as it relates to the strengthening of its internal control structure.

Effect of Condition: Without a sufficient assessment of risks, the County does not have the added assurance that adequate control activities are in place to prevent or detect errors or fraud that could result in unrecorded transactions, undetected errors, or misappropriation of funds. The absence of monitoring procedures could result in the breakdown of control activities, allowing error or fraud to remain undetected.

Recommendation: OSAI recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance of control activities over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:
District 1 Commissioner: Murray County will follow OSAI's recommendation to implement procedures to identify and address risk as well as develop written policies and procedures. We will work with Oklahoma State Auditor & Inspector (OSAI), Association of County Commissioners (ACCO), County Officers & Deputies Association (CODA), and other agencies to try and develop this for the County's policy and procedures handbook.

District 2 Commissioner: As a result of this finding, we are in the process of implementing a system to better control our risks and protect the funds we now have.

District 3 Commissioner: This office is working on implementing procedures to address this finding.

County Treasurer: I agree with the State Auditor's recommendations.

County Clerk: The County will design procedures to address risk assessment and monitoring.

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 made. 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 including 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 has to 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.

Documenting and monitoring internal controls are valuable tools in determining that controls are in place and operating effectively.

Finding: Disaster Recovery Plan

Condition: Upon inquiry, the following offices do not have a written Disaster Recovery Plan:

- County Commissioners District 1, 2, and 3
- County Clerk
- County Treasurer
- County Assessor
- Court Clerk
- County Sheriff

Cause of Condition: Procedures have not been designed and implemented to prepare a formal Disaster Recovery Plan.

Effect of Condition: The failure to have a formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster. The lack of a formal plan could cause significant problems in ensuring County business could continue uninterrupted.

Recommendation: OSAI recommends the County officials develop a Disaster Recovery Plan that addresses how critical information and systems within their offices would be restored in the event of a disaster. The Disaster Recovery Plan should include the following:

- Current names, addresses, contact numbers of key county personnel and their roles and responsibilities of information services function;
- Listing of service providers and vendors;
- Information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals, and program/system/user documentation; and
- Alternative work locations once IT resources are available.

Management Response:
District 1 Commissioner: Murray County does have a Disaster Recovery Plan which is kept by our Emergency Manager and at our county barns. However, I fully recognize that the current plan does need to be updated to reflect current key information vital to continue to function in the event of a disaster. I put this item on the Board of Murray County Commissioners' agenda on February 11, 2013. The Board of Commissioners passed unanimously to accept the recommendations of OSAI's auditors and develop a new Disaster Recovery Plan and will use the OSAI template to do so. We have sent a memo requesting that all county elected officials do the same and use the OSAI template as well.

District 2 Commissioner: A Disaster Recovery Plan has been completed as of March 1, 2013. The older plan we had in place was added to, with more current information, and a copy has been filed in the courthouse office and at the District 2 barn.

District 3 Commissioner: Murray County District 3 has recently updated our Disaster Recovery Plan and has placed copies at four separate locations.

County Clerk: Our office is in the process of preparing a formal Disaster Recovery Plan.

County Treasurer: My office did have a "Disaster Recovery Plan" that we prepared on April 18, 2011. We will update our plan according to the guidelines that you gave us. We will also update yearly or when changes occur.

County Assessor: Although there is currently not a formal Disaster Recovery Plan in place, we do have a "back-up" plan. Our informal Disaster Recovery Plan is that all of our data is backed-up in house and at a remote location 160 miles away from our site. This informal Disaster Recovery Plan is common knowledge with the employees of the County Assessor's office. This plan is not a written document. Therefore, the Murray County Assessor's Office will, at the recommendation of the State Auditor's Office, develop a formal Disaster Recovery Plan. This formal Disaster Recovery Plan will include all the information recommended by the State Auditor's Office.

Court Clerk: The Court Clerk concurs with the State Auditor's findings. The Court Clerk is in the process of completing a Disaster Recovery Plan. The Disaster Recovery Plan will be provided to all relevant parties.

County Sheriff: The current administration will prepare a formal Disaster Recovery Plan along with the other County officials that will contain critical information on how county offices would restore any and all information in the event of a disaster. The Disaster Recovery Plan will include the following:

- Current names, addresses, contact numbers of key county personnel and their roles and responsibilities of information services function;
- Listing of service providers and vendors;
- Information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals, and program/system/user documentation;
- Alternative work locations once IT resources are available.

Criteria: An important aspect of internal controls is the safeguarding of assets, which includes adequate Disaster Recovery Plans. 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 in a county being unable to function in the event of a disaster.

Other Item(s) Noted:

Although not considered significant to the audit objectives, we feel the following issue should be communicated to management.

Finding: Lack of Documentation of Officers' Travel Compensation

Condition: Prior to July, 2005, County officials were receiving a monthly travel allowance. The County passed a resolution to include travel allowance in with their salaries, which states in part:

> The Murray County Elected Officials hereby agree to waive the travel allowance based on Oklahoma Statute Title 19, Section 165A and include this amount as salary and the County Officers of Murray County agree to comply with Attorney General Opinion 00-63.
>
> The Murray County Elected Officials hereby agree based on Title 19, Section 180.43 that the Board of County Commissioners and County Sheriff may drive a county owned automobile to perform the duties of their office in lieu of the travel reimbursement or monthly travel allowance provided by law.

It appears that all elected officials, with the exception of the County Commissioners and the County Sheriff, have declined all travel compensation; however there is no documentation to support this.

Cause of Condition: The County has not established a policy pertaining to County officials' travel allowance.

Effect of Condition: The lack of documentation from County officials who have declined travel compensation could result in a liability for the County.

Recommendation: OSAI recommends the Board of County Commissioners establish and approve a policy pertaining to County officials monthly travel allowance. Further, OSAI recommends after establishing a travel policy for the elected official that each officer choose and document one of the following travel elections.

- Receive the monthly travel allowance as outlined by statute.
- File monthly claims with appropriate documentation for actual out of pocket travel expenses.
- Drive a county-owned vehicle in lieu of a monthly allowance.

In the event that an official requests to decline all travel compensation, documentation should be maintained to provide evidence of the election.

Management Response:
BOCC Chairman: Murray County Board of Commissioners is currently addressing the finding regarding travel compensation.

District 1 Commissioner: I concur that the last time this was addressed was July, 2005. The Board of County Commissioners have discussed and voted to approve a new resolution on March 4, 2013, along with all county elected officers (Resolution No. 3-4-2013E). We are also addressing OSAI's recommendations to establish a policy pertaining to county officials monthly travel allowance and to let each officer choose and document one of the travel elections.

Criteria: 19 O.S. § 165(A) outlines the monthly travel allowance in lieu of reimbursements. Further, 1999 OK AG 68 states in part, "Both the monthly travel allowances of Section 165 and the use of a county-owned vehicle under Title 19 O.S. § 180.43(C) are "in lieu of" receiving a mileage reimbursement under Section 164. The use of a county-owned vehicle is also "in lieu of" the Section 165 monthly travel allowance."

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