



MUSKOGEE COUNTY

Financial Report with Single Audit

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**MUSKOGEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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February 7, 2025

TO THE CITIZENS OF
MUSKOGEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Muskogee County, Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Ken Doke
District 2 – Keith Hyslop
District 3 – Kenny Payne

County Assessor

Ron Dean

County Clerk

Polly Irving

County Sheriff

Andy Simmons

County Treasurer

Robyn Boswell

Court Clerk

Paula Sexton

District Attorney

Orvil Loge

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
MUSKOGEE COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Muskogee County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 1, the financial statement is prepared by Muskogee County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Muskogee County as of June 30, 2021, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of Muskogee County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering Muskogee County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 25, 2024

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 4,078,519	\$ 7,059,412	\$ 1,424	\$ -	\$ 6,438,186	\$ 4,701,169
County Highway Unrestricted	8,150,676	4,335,570	-	-	3,623,960	8,862,286
Health	3,792,340	1,631,697	-	-	1,857,912	3,566,125
Resale Property	1,310,498	808,902	101,247	600	700,117	1,519,930
County Sinking Fund	109,499	9	-	-	-	109,508
Industrial Sinking Fund	11,964	150	-	-	-	12,114
Sheriff Service Fee	124,794	546,930	-	-	321,538	350,186
Jail	192,456	1,877,726	-	-	1,587,271	482,911
Use Tax - ST	3,600,000	864,655	-	-	212,638	4,252,017
Sheriff - ST	685,189	2,318,004	-	-	2,019,288	983,905
County Bridge and Road Improvement	2,842,313	506,185	-	120,377	1,001,653	2,226,468
Highway - ST	3,284,320	2,653,694	120,377	-	2,634,200	3,424,191
Rural Fire - ST	2,813,460	1,346,499	28,502	-	866,520	3,321,941
Rainy Day Fund	1,998,837	11,419	-	-	-	2,010,256
Emergency Management Performance Grant	16,721	53,435	-	-	32,620	37,536
Reward Fund	9,129	3,586	-	-	4,504	8,211
County Clerk Lien Fee	56,899	14,185	-	-	51,572	19,512
Treasurer Mortgage Certification	6,981	12,115	-	-	3,666	15,430
Assessor Revolving Fee	17,734	3,098	-	-	992	19,840
Sheriff Commissary	190,673	688,399	-	-	675,724	203,348
County Clerk Records Management Preservation Fund	98,904	208,458	-	-	47,982	259,380
Sheriff Forfeiture	31,197	-	-	-	6,730	24,467
Sheriff Training	318	-	-	-	12	306
Justice Assistance Grant	80	17,920	-	-	13,539	4,461
Donations	4,033	3,000	-	-	1,016	6,017
Capital Reserve Fund	7,336	-	-	-	-	7,336
Emergency Management Grant Fund	5,146	-	-	-	100	5,046
Cash Drawer	644	-	600	144	-	1,100
County Water Improvement District 1	1,410	-	-	1,410	-	-
County Clerk Fire Department Reimbursement	28,502	-	-	28,502	-	-
Flood Plain	2,293	-	-	-	-	2,293
Economic Development - ST	28,807	16,859	-	-	-	45,666
Sales Tax (STRCF)	534,125	-	-	-	-	534,125
Safe Oklahoma Grant	33,953	-	-	-	6,690	27,263
Health Department Cash Drawer	-	-	150	-	-	150
County Clerk Cash Drawer	-	-	100	-	-	100
County Assessor Cash Drawer	-	-	30	-	-	30
COVID Aid and Relief Fund	-	1,585,386	-	-	210,769	1,374,617
American Rescue Plan Act 2021	-	6,603,810	-	-	-	6,603,810
Total - All County Funds as Restated	\$ 34,069,750	\$ 33,171,103	\$ 252,430	\$ 151,033	\$ 22,319,199	\$ 45,023,051

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

County General – accounts for revenues from the ad valorem taxes, officer's fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

County Highway Unrestricted – accounts for revenues from the state-imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

Health – accounts for revenues from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds. Disbursements are for the operation of the county health department.

Resale Property – accounts for the collection of revenues from the interest and penalties on delinquent ad valorem taxes. Disbursements are made in accordance with state statute.

County Sinking Fund – accounts for the payments of interest and principal on long-term bonded debt and civil judgments. Debt service receipts are derived generally from a special ad valorem

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

tax levy and from interest earned on investments on cash not immediately required for debt service payments.

Industrial Sinking Fund – accounts for the payment of interest and principal on the matured portion of the Muskogee County General Obligation Limited Tax Bonds that are administered by the County. Receipts are derived from industrial tenant rental payments.

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

Jail – accounts for revenues from law enforcement entities for the housing of prisoners. Disbursements are for the jail and any surplus in the revolving fund for administering expenses for salaries, training, equipment, or travel, or for capital expenditures.

Use Tax - ST – accounts for revenues from the Oklahoma Tax Commission. Disbursements are at the discrepancy of the Board of County Commissioners.

Sheriff - ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

County Bridge and Road Improvement – accounts for monies received from Oklahoma Department of Transportation as imposed by SB 2173. Monies are earmarked for bridges, roads, and certain improvements for roads.

Highway - ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Rural Fire - ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Rainy Day Fund – accounts for collections from the sale of County property and disbursed for operation of the County.

Emergency Management Performance Grant – accounts for Emergency Management Performance Grants received from the U.S. Department of Homeland Security and disbursed for emergency management assistance expenses.

Reward Fund – accounts for the collection of fines and restitution from littering and the disbursements are restricted to be used for the prevention of littering.

County Clerk Lien Fee – accounts for revenues from a fee charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the County Clerk's office.

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

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

Assessor Revolving Fee – accounts for revenues from fees collected by the County Assessor. Disbursements are to maintain electronic databases and geographic information systems in the Assessor's office.

Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust account for commissary items and disbursement of funds as restricted by state statute.

County Clerk Records Management Preservation Fund – accounts for revenues from a fee charged by the County Clerk for recording instruments and interest earned on invested funds. Disbursements are for the maintenance and preservation of public records.

Sheriff Forfeiture – accounts for revenues from monies seized and forfeited to the Sheriff's office. Disbursements are for the maintenance and operation of the Sheriff's drug task force.

Sheriff Training – accounts for revenues from the sale of properties forfeited in drug cases. Disbursements are for officer training, equipment, and crime prevention.

Justice Assistance Grant – revenues are from a federal grant. Disbursements are for Sheriff patrol cars.

Donations – accounts for revenues strictly from donations from individual citizens. Disbursements are for canine services.

Capital Reserve Fund – accounts for Community Development Block Grants received from the U.S. Department of Commerce and disbursed as restricted by the grant agreement.

Emergency Management Grant Fund – accounts for Emergency Management Performance Grants received from the U.S. Department of Homeland Security and disbursed as restricted by the grant agreement.

Cash Drawer – accounts for cash held by the various county offices for change funds.

County Water Improvement District 1 – accounts for revenues from a grant received for Rural Water District 1 and disbursed for the improvement of the water district.

County Clerk Fire Department Reimbursement – accounts for revenues from the Fire Fighters Sales Tax Board. Disbursements are for the payroll of a County Clerk employee that handles the administrations of the fire departments' disbursements.

Flood Plain – accounts for fees collected for flood plain certifications and disbursed for flood plain travel and maintenance and operation.

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

Economic Development - ST – accounts for the collection of lodging tax revenue and the disbursement of funds as restricted by the lodging tax resolution.

Sales Tax (STRCF) – accounts for sales tax monies collected for the maintenance of the Muskogee County Courthouse and County Services Building.

Safe Oklahoma Grant – accounts for monies received from the Oklahoma Attorney General and disbursed for the Sheriff's office to respond to violent crime in the community.

Health Department Cash Drawer – accounts for cash held by the Health Department for a change fund.

County Clerk Cash Drawer – accounts for cash held by the County Clerk's office for a change fund.

County Assessor Cash Drawer – accounts for cash held by the County Assessor's office for a change fund.

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

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

C. Basis of Accounting

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other

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

county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

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

E. Cash and Investments

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

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

The County Treasurer has not been authorized by the County’s governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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

2. Ad Valorem Tax

The County’s property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, “. . . Each assessor shall thereafter maintain an active and systematic program of

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

visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

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

C. Contingent Liabilities

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

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

D. Sales Tax

Sales Tax of November 8, 2005

On November 8, 2005, the voters of Muskogee County approved a permanent excise tax of fifteen hundredths of one percent (.0015). The revenue from the sales tax is for the purpose of providing funds for the fire departments of Muskogee County, including, but not limited to: purchase of equipment, general operation and maintenance, training, construction of new buildings or improvements to existing buildings, and payment of existing or future loans.

Five percent (5%) of the fifteen hundredths percent (.0015) is designated for a newly formed Board with one member elected and representing each of the following Muskogee County fire departments: Muskogee, Boynton, Braggs, Brushy Mountain, Buckhorn, Council Hill, Fort Gibson, Gooseneck Bend, Haskell, Keefeton, Mountain View, Oktaha, Summit, Taft, Wainwright, Warner, Webber Falls, and Porum. These funds will be used for such other fire protection services as may be deemed necessary by the Board of County Commissioners. These funds are accounted for in the Rural Fire – ST fund.

Ninety five percent (95%) of the fifteen hundredths percent (.0015) shall be divided equally between the above-mentioned eighteen (18) fire departments to construct new fire stations or improve existing fire stations, purchase equipment and defray training and fire education costs, purchase firefighting and other emergency response vehicles and equipment and for the general maintenance and operations, with the exception of salaries and wages, for which the tax proceeds are not intended. These funds are accounted for in the Rural Fire – ST fund.

Lodging Tax of August 23, 2016

The voters of Muskogee County passed a lodging tax on August 23, 2016, of 5% per room, per night derived from the occupancy of hotel, motel, and lodge rooms outside of the Muskogee's municipal boundaries to be used for the purpose of economic development. These funds are accounted for in the Economic Development – ST fund.

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

Sales Tax of June 13, 2017

On June 13, 2017, the voters of Muskogee County approved renewing an excise tax for Muskogee County on all goods and products authorized by law, in the amount of one half of one cent on the dollar (\$0.005). The tax is to commence January 1, 2019 and to terminate December 31, 2028. The revenue from the sales tax is for the purpose of improving county services as follows: 50% of the monies to go to the county roads and bridges and 50% of the monies to go to Homeland Security, courthouse security, and county law enforcement. These funds are accounted for in the Highway – ST and Sheriff – ST funds.

E. Interfund Transfers

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

- \$1,410 was transferred from the County Water Improvement District 1 fund to the County General fund to close account.
- \$14 was transferred from the Cash Drawer fund to the County General fund for change deposited that was found in safe.
- \$101,247 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131.
- \$600 was transferred from the Resale Property fund to the Cash Drawer fund to add cash to change fund.
- \$120,377 was transferred from the County Bridge and Road Improvement fund to the Highway – ST fund per Board of County Commissioners' resolution.
- \$28,502 was transferred from the County Clerk Fire Department Reimbursement fund to the Rural Fire – ST fund for the chart of account conversion.
- \$150 was transferred from Official Depository (a trust and agency fund) to establish the Health Department Cash Drawer fund.
- \$100 was transferred from the Cash Drawer fund to the County Clerk Cash Drawer fund to establish County Clerk Cash Drawer fund.
- \$30 was transferred from the Cash Drawer fund to the County Assessor Cash Drawer fund to establish County Assessor Cash Drawer fund.

F. Restatement of Fund Balance

During the fiscal year, the County had a reclassification of funds. Court Clerk Preservation Fund and Juvenile Drug Court was reclassified as a trust and agency fund.

Prior year ending balance, as reported	\$34,099,207
Funds reclassified as Trust and Agency Fund:	
Court Clerk Preservation Fund	(25,291)
Juvenile Drug Court	<u>(4,166)</u>
Prior year ending balance, as restated	<u>\$34,069,750</u>

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 77,071	\$ 56,210	\$ 20,861
County Sheriff	417,000	395,148	21,852
County Treasurer	189,000	185,058	3,942
County Commissioners	311,601	258,963	52,638
County Commissioners O.S.U. Extension	142,500	139,616	2,884
County Clerk	409,000	369,278	39,722
Court Clerk	412,798	411,021	1,777
County Assessor	398,200	390,366	7,834
Revaluation of Real Property	505,400	489,649	15,751
District Court	42,400	42,311	89
General Government	4,828,939	1,565,817	3,263,122
Excise - Equalization Board	10,200	3,183	7,017
County Election Expense	234,794	216,214	18,580
County Purchasing Agent	211,740	163,294	48,446
Emergency Management	168,416	165,952	2,464
Charity	45,000	45,000	-
County Jail	254,000	252,072	1,928
Highway Budget Account	1,375,226	1,353,826	21,400
County Audit Budget Account	107,300	1,810	105,490
Free Fair Budget Account	1,200	1,200	-
Soil Conservation District	1,500	1,500	-
Flood Plain	425	425	-
Public Schools	31,500	14,107	17,393
Total Expenditures, Budgetary Basis	<u>\$ 10,175,210</u>	<u>\$ 6,522,020</u>	<u>\$ 3,653,190</u>

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

		Health Fund		
		Budget	Actual	Variance
Health and Welfare		\$ 4,022,237	\$ 1,892,954	\$ 2,129,283
Total Expenditures, Budgetary Basis		\$ 4,022,237	\$ 1,892,954	\$ 2,129,283

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct:			
Community Facilities Loans and Grants	10.766	N/A	\$ 60,600
Total U.S. Department of Agriculture			<u>60,600</u>
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Flood Control Projects	12.106	N/A	<u>46,066</u>
Total U.S. Department of Defense			<u>46,066</u>
U.S. DEPARTMENT OF INTERIOR			
Direct:			
Payments in Lieu of Taxes	15.226	N/A	<u>63,674</u>
Total U.S. Department of Interior			<u>63,674</u>
U.S. DEPARTMENT OF JUSTICE			
Direct:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>13,539</u>
Total U.S. Department of Justice			<u>13,539</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0187	<u>1,585,436</u>
Total U.S. Department of Treasury			<u>1,585,436</u>
U.S. DEPARTMENT OF ELECTION ASSISTANCE			
Direct:			
HAVA Election Security Grants	90.404	N/A	<u>8,435</u>
Total U.S. Department of Election Assistance			<u>8,435</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4438	144,992
Emergency Management Performance Grants	97.042	EMPG-2019	6,532
Emergency Management Performance Grants	97.042	EMPG-2020	<u>19,876</u>
Total U.S. Department of Homeland Security			<u>171,400</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,949,150</u></u>

MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Muskogee County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the COVID-19 Relief Bill into law. Muskogee County received \$1,585,436 in federal relief funds. The County incurred \$1,112,271 in eligible expenditures in the prior fiscal year ending June 30, 2020. These eligible expenditures from March 1, 2020, through June 30, 2020, and were accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number (ALN) 21.019 – Coronavirus Relief Fund includes \$1,112,271 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$473,165 that were incurred in the fiscal year ending June 30, 2021.

INTERNAL CONTROL AND COMPLIANCE SECTION



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

TO THE OFFICERS OF
MUSKOGEE COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Muskogee County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Muskogee County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 25, 2024.

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001, 2021-003, 2021-006, 2021-007, and 2021-008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Muskogee County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-008.

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

Muskogee County's Response to Findings

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

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 25, 2024



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

TO THE OFFICERS OF
Muskogee COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Muskogee County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on of Muskogee County's major federal program for the year ended June 30, 2021. Muskogee County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Muskogee County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Muskogee County's compliance.

Basis for Qualified Opinion on Assistance Listing 21.019 – Coronavirus Relief Fund

As described in Finding 2021-012 in the accompanying schedule of findings and questioned costs, Muskogee County did not comply with requirements regarding the following:

Finding #	Assistance Listing	Program (or Cluster) Name	Compliance Requirement
2021-012	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed; Allowable Costs/Cost Principles

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

Qualified Opinion on Assistance Listing 21.019 – Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Muskogee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN 21.019 – Coronavirus Relief Fund for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-010 and 2021-011. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Muskogee County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Muskogee County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Muskogee County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-010, 2021-011, and 2021-012, that we consider to be material weaknesses.

Muskogee County's Response to Findings

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 25, 2024

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

SECTION 1—Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

Assistance Listing Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

Dollar threshold used to distinguish between

Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?..... No

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

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

Finding 2021-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2008-022, 2009-021, 2010-023, 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that 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 the risks of the County.

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

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: The county now actively assesses risks in regularly scheduled “Risk Assessment” meetings held quarterly in the Board of County Commissioners’ boardroom. Members include the elected officials and/or their delegates. Concerns are discussed, and policies are then adjusted accordingly. While this finding may have been an issue in the past, Muskogee County believes that they are fulfilling these requirements now.

County Clerk: Moving forward the County Clerk’s office will provide a list of pre-scheduled dates that will be provided and approved through the Board of County Commissioners for quarterly meetings.

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

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

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

Definition of Internal Controls

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

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

Components, Principles, and Attributes

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

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

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

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

Finding 2021-003 - Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding – 2011-016, 2012-011, 2013-008, 2014-009, 2015-008, 2016-015, 2017-011, 2018-011, 2019-010, 2020-008)

Condition: The County Clerk does not reconcile the appropriation ledger to the County Treasurer's general ledger.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the reconciliation of the County Clerk's appropriation ledger to the County Treasurer's general ledger.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure reconciliations are performed between the funds presented on the County Clerk's appropriation ledger and the County Treasurer's general ledger monthly and are accurate. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

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

Management Response:

County Treasurer: I was not in office during this time. The Treasurer's had not reconciled with the Clerk's office in a number of years nor did they reconcile bank accounts until such time as I hired a Treasurer from another county to reconcile the bank accounts as best she could. Current administration has made great progress in balancing the general ledger to the appropriation ledger so that we can begin balancing the Treasurer's general ledger to the County Clerk's appropriation ledger. At this time all but three funds on the general ledger have been balanced. It is the intention of current administration to submit information regarding the balancing to OSAI.

County Clerk: The County Clerk's office has never been given or seen a "General Ledger" from the Treasurer's office. The County Clerk's office and Treasurer's office reconcile monthly with Appropriation Ledgers each month in order to balance.

Criteria: The GAO Standards - Principle 16 – Performance Monitoring Activities: 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

**Finding 2021-006 – Lack of Internal Controls and Noncompliance Over the Disbursement Process
(Repeat Finding – 2019-011, 2020-009)**

Condition: Upon inquiry of County personnel, observation of the County's disbursement process, and testwork performed, the following was noted:

- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- The purchasing deputy that is actually encumbering funds is not signing the purchase order, rather the County Clerk is signing at a different date and time after a purchase order has been issued. Additionally, the certification of the issuance of a purchase order is occurring prior to the signature to show encumbrance was done.
- The signatures of the County Clerk and the BOCC Chairman that appear on all warrants are facsimile signatures printed by the software system. Neither the County Clerk nor the BOCC Chairman reviews or initials the warrants after they are printed.

Of the thirty (30) disbursements tested, we noted the following exceptions:

- Nine (9) were not properly review and/or authorized.
- One (1) was not timely encumbered.

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

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the segregation of duties and/or compensating controls of the disbursement process. Policies and procedures have not been designed and implemented to ensure compliance with state statutes.

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

Recommendation: OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approve accounting functions.

Furthermore, OSAI recommends that the County adhere to state purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered, invoices and other supporting documentation should be reviewed for accuracy and attached, payroll and purchase orders should be properly reviewed and authorized. Timesheets should be signed by the employee and the official.

Management Response:

Chairman of the Board of County Commissioners and County Clerk: This will be discussed with the county clerk and efforts will be made to ensure that there is proper separation of duties and that the proper clerks' signatures are obtained as required by law. At this time, the BOCC does review all charges before they are approved. There is both a paper and electronic signatures by the county commissioners as part of the approval process.

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

Compliance Objectives

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

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

Segregation of Duties

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

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

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

Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505 and 62 O.S. § 310.8.

Finding 2021-007 – Lack of Segregation of Duties Over the Payroll Process (Repeat Finding – 2016-013, 2017-013, 2018-013, 2019-012, 2020-010)

Condition: Upon inquiry and observation of the County’s payroll process, it was noted that the County Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Furthermore, payroll warrants are registered with the Treasurer prior to being approved by the Board of County Commissioners.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk’s office with regard to the payroll process.

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

Recommendation: OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key process and/or critical functions of the office and having management review and approval of accounting functions.

Also, OSAI recommends that all payroll disbursements be approved by the Board of County Commissioners prior to being registered with County Treasurer.

Management Response:

County Clerk: Changes have been made and implemented by the County Clerk’s office before this finding was concluded to add a second verification process before payroll is finalized and ran through the software program. No checks are printed and taken to the Treasurer’s office before the Board of County Commissioners approve and sign off on payroll.

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

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

Segregation of Duties

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Finding 2021-008 – Lack of Internal Controls and Noncompliance Over Investments (Repeat Finding – 2019-013, 2020-011)

Condition: Upon inquiry of County personnel, it was noted that there was not an investment policy approved by the Board of County Commissioners to authorize the County Treasurer to make investments for fiscal year 2021.

Cause of Condition: Policies and procedures have not been developed to ensure compliance with state statute.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in inaccurate records, incomplete information, or misappropriation of assets.

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

Recommendation: OSAI recommends the Treasurer prepare and present to the Board of County Commissioners an annual investment resolution for their approval at the beginning of each new fiscal reporting period in accordance with 62 O.S. § 348.1.

Management Response:

County Treasurer: I was not in office at this time, however, this administration did locate a copy of the FY 21 Investment Policy without signatures. Current official discussed the same with prior officials and was advised that the same was done and placed on the agenda however, it appears that executed copy was provided.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to ensure the County is in compliance with applicable state statutes.

Title 62 O.S. § 348.1(A) states in part, “Except as otherwise provided for by law, a county treasurer, when authorized by the board of county commissioners by a written investment policy, ordinance or resolution or the treasurer of any city or town, when authorized by the appropriate governing body by a written investment policy, ordinance or resolution, shall invest monies in the custody of the treasurer in...”

SECTION 3— Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2021-010 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Office of Management and Enterprise Services

FEDERAL AGENCY: U. S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL PROGRAM NUMBER: SA-0187

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County complies with grant requirements.

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

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

Recommendation: OSAI recommends that the County design and implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

Chairman of the Board of County Commissioners: Muskogee County has hired an internal grant administrator to assist in keeping the county compliant with all local, state, and federal requirements. Efforts will be made going forward to ensure that all grant funds are properly expended.

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

Finding 2021-011 – Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U. S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0187

FEDERAL AWARD YEAR: 2021

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

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

QUESTIONED COSTS: \$-0-

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal grant requirements.

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

Recommendation: OSAI recommends that the County gain an understanding of requirements for these programs and implement a system of internal control procedures to ensure compliance with grant requirements.

Management Response:

Chairman of the Board of County Commissioners: Muskogee County has hired an internal grant administrator to assist in keeping the county compliant with all local, state, and federal requirements. Efforts will be made going forward to ensure that all grant funds are properly expended.

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

The non-Federal entity must:

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

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

Finding 2021-012 – Noncompliance Over Major Federal Program – Coronavirus Relief Fund – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

FEDERAL AGENCY: U.S. Department of Treasury

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

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0187

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$1,089,096

Condition: During the test of 100% of federal expenditures for Coronavirus Relief Fund, program disbursement totaling \$1,089,096 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles due to unsubstantiated, duplicated, and ineligible costs as detailed below:

Payroll Reimbursements

- Unallowable reimbursement in the amount of \$1,900 for longevity bonus.
- Sick leave totaling \$2,285 for a county official.
- Duplicate payroll reimbursements totaling \$17,668 were reimbursed by another grant.

Expenditure Reimbursements

- Reimbursements totaling \$1,059,350 for hazard runs on behalf of Muskogee EMS District.
- Reimbursements totaling \$7,879 were not supported with adequate documentation.
- Reimbursement in the amount of \$14 that exceeded the purchase order amount.

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

Effect of Condition: This condition resulted in noncompliance with federal grant requirements for this program and could result in loss of federal funds.

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

Management Response:

Chairman of the Board of County Commissioners: Muskogee County has hired an internal grant administrator to assist in keeping the county compliant with all local, state, and federal requirements. Efforts will be made going forward to ensure that all grant funds are properly expended within the allowable period of performance. It should be noted that Oklahoma Office of Management Enterprise Services did not review any of the submitted information to determine eligibility prior to sending reimbursements for items that have now been determined questionable.

County Clerk: Documentation was scanned into the Purchase Order's images and once the Purchase Order was paid, the images were then deleted by the Board of County Commissioners secretary. Images were later recovered by the software system and since the incident, restrictions have been implemented to no longer allow deletions.

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

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

The non-Federal entity must:

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

Additionally, 2 CFR § 200.403 - *Factors affecting allowability costs* states in part, Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.

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

Additional guidance provided in the Subrecipient Agreement - Federal Funding Certification executed 6/3/20 between Muskogee County and the State of Oklahoma states in part, “4. Funds provided as direct payment from the State of Oklahoma pursuant to this certification for necessary expenditures that were or will be incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, that are not expended on those necessary expenditures on or before March 31, 2021, by the political subdivision or its grantee(s), must be returned to the State of Oklahoma on or before April 1, 2021.”,

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

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

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

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

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

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

Finding 2021-014 – Lack of Internal Controls and Noncompliance with the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, it was noted that the County Sheriff does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Further, an examination of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- Collections are not deposited into the Inmate Trust Fund Checking Account on a daily basis.
- There is no indication of review of the Inmate Trust Fund Checking Account reconciliations by anyone other than the preparer.
- Individual Inmate Trust Fund balances are not being reconciled to the Inmate Trust Fund Checking Account bank statement.
- Blank check stock, debit cards and inventory for nicotine pouches and e-cigarettes are kept in the Commissary manager’s office, which multiple employees have a key and access to.
- The County is charging sales tax on items sold to inmates; however, there are no remittances being made or monthly reports filed to the Oklahoma Tax Commission.
- An annual report for the Sheriff Commissary Fund was not prepared and filed with the Board of County Commissioners by January 15th of each year.
- There is no policy or procedure regarding unclaimed funds.

Cause of Condition: Policies and procedures have not been designed to ensure financial transactions regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund adequately segregated and are in compliance with state statutes.

Effect of Condition: This condition resulted in noncompliance with state statutes. 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, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of this condition realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no employee is able to perform all accounting functions.

- Deposits be made daily in accordance with 19 O.S. § 682.

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

- Bank reconciliations should be performed on a monthly basis and be reviewed and approved by someone other than the preparer.
- Inmate Trust Fund balances should be reconciled to the Inmate Trust Fund Checking Account bank statement monthly and be reviewed and approved by someone other than the preparer.
- All blank check stock, debit cards and in-house commissary inventory should be maintained in a secured location with restricted access.
- Sales tax collected should be remitted to the Oklahoma Tax Commission on a monthly basis.
- The Sheriff should file a report of the commissary with the Board of County Commissioners by January 15th, of each year in accordance with 19 O.S. § 180.43D.
- Policies and procedures should be designed and implemented to ensure disposition of inmates' unclaimed property is handled in accordance with 22 O.S. § 1325.

Management Response:

County Sheriff: The following addresses the condition of the finding:

- To correct this issue, administration and commissary clerk will have a set time frame each day to count and collect funds out of the booking kiosk, lobby kiosk, and money orders/checks to be deposited each day.
- The commissary clerk has been doing reconciliation reports since approximately August 2021. An employee at Sheriff's Office will take over reconciling all bank statements to ensure the integrity of the Inmates' Trust Funds.
- Blank checks, debit cards, and nicotine items are all stored within the commissary office which is locked daily at the end of each day. The checks and debit cards are stored in an unlocked safe box by commissary clerk's desk. Nicotine items are stored in an unlocked filing cabinet. The door is closed when there is not a commissary employee inside. The office is under camera surveillance at all times with all cabinets in view. Key holders to my knowledge include commissary clerks (2), mail/visitation (1), administration (1), maintenance (2) and Undersheriff (1).
- The County is charging sales tax on items sold to inmates, however there are no remittances being made or monthly reports filed to the Oklahoma Tax Commission.
- There was no annual report for the Sheriff Commissary Fund prepared or filed with the Board of County Commissioners.
- The detention center is unclear on the correct protocol to execute policy. Unclaimed funds at this time remain in the Inmate Trust Fund account available for inmates to claim.

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

Segregation of duties

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

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

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

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

Title 22 O.S. § 1325(F, H) outlines procedures for disposing unclaimed property.

APPENDIX A

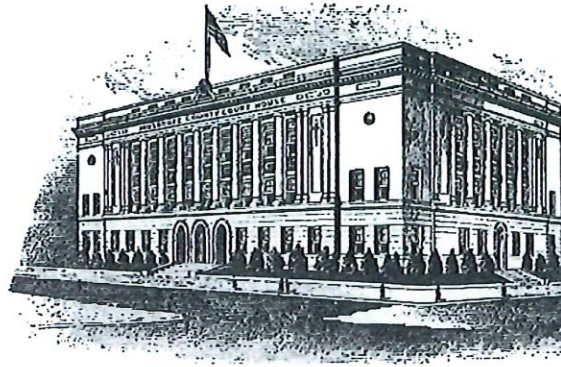
CORRECTIVE ACTION PLAN

(Prepared by County Management)

KEN DOKE
MUSKOGEE CO. DISTRICT 1

KEITH HYSLOP
MUSKOGEE CO. DISTRICT 2

KENNY PAYNE
MUSKOGEE CO. DISTRICT 3



POLLY IRVING
COUNTY CLERK



SHEILA SHAMBLIN
BOCC Executive Assistant

MUSKOGEE BOARD OF COUNTY COMMISSIONERS

P.O. BOX 2307 MUSKOGEE, OK 74402-2307 PHONE (918)682-9601 * FAX (918) 684-1697

Email: bocc@readymuskogee.org - Website: www.muskogeecountygov.com

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

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County - Wide Internal Controls	The county now actively assesses risks in regularly scheduled "risk assessment" meetings held quarterly in the BOCC Board room. Members include the elected officials and/or their delegates. Concerns are discussed, and policies are then adjusted accordingly. While this finding may have been an issue in the past, Muskogee County believes that they are fulfilling these requirements now.	11/1/24	Ken Doke, Chairman of the BOCC
2021-003	Reconciliation of Appropriation Ledger to General Ledger	County Treasurer: I was not in office during this time. The Treasurer's had not reconciled with the clerk's office in a number of years nor did they reconcile bank accounts until such time as a hired treasurer from another county reconciled bank accounts as best she could. Current administration has made great progress in balancing the general ledger to the appropriation ledger so that we can begin balancing the Treasurer's general ledger to the County Clerk's appropriation ledger. At this time all but three funds on the general ledger have been balanced. It is the intention of current administration to submit information regarding the balancing to OSAL.	11/1/24	Shelly Sumpter, County Treasurer Polly Irving, County Clerk

		County Clerk: The County Clerk's office has never been given or seen a "General Ledger" from the Treasurer's office. The County Clerk's office and Treasurer's office reconcile monthly with Appropriation Ledgers each month in order to balance.		
2021-006	Lack of Internal Controls and Noncompliance Over the Disbursement Process	This will be discussed with the county clerk and efforts will be made to ensure that there is proper separation of duties and that the proper clerk signatures are obtained as required by law. At this time, the BOCC does review all charges before they are approved. There is both a paper and electronic signatures by the county commissioners as part of the approval process.	11/1/24	Ken Doke, Chairman of the BOCC Polly Irving, County Clerk
2021-007	Lack of Segregation of Duties Over the Payroll Process	Changes have been made and implemented by the County Clerk's office before this finding was concluded to add a second verification process before payroll is finalized and ran through the software program. No checks are printed and taken to the Treasurer's office before the Board of County Commissioners approve and sign off on payroll.	11/1/24	Polly Irving, County Clerk
2021-008	Lack of Internal Controls and Noncompliance Over Investments	I was not in office at this time however, this administration did locate a copy of the FY 21 Investment Policy without signatures. Current official discussed the same with prior officials, was advised that the same was done and placed on the agenda however, it appears that executed copy was provided.	11/1/24	Shelly Sumpter, County Treasurer
2021-010	Assistance Listing Number 21.019 Lack of County-Wide Controls Over Major Federal Programs-Coronavirus Relief Fund	Muskogee County has hired an internal grant administrator to assist in keeping the county compliant with all local, state, and federal requirements. Efforts will be made going forward to ensure that all grant funds are properly expended.	11/1/24	Ken Doke, Chairman of the BOCC
2021-011	Assistance Listing Number 21.019 Lack of Internal Controls Over Major Federal Programs-Coronavirus	Muskogee County has hired an internal grant administrator to assist in keeping the county compliant with all local, state, and federal requirements. Efforts will be made going forward to ensure that all grant funds are properly expended.	11/1/24	Ken Doke, Chairman of the BOCC

	Relief Fund			
2021-012	<p>Assistance Listing Number 21.019</p> <p>Noncompliance Over Major Federal Program- Coronavirus Relief Fund- Activities Allowed or Unallowed and Allowable Costs/Cost Principles</p>	<p>Chairman Board of County Commissioners: Muskogee County has hired an internal grant administrator to assist in keeping the county compliant with all local, state, and federal requirements. Efforts will be made going forward to ensure that all grant funds are properly expended within the allowable period of performance. It should be noted that OMES did not review any of the submitted information to determine eligibility prior to sending reimbursements for items that have now been determined questionable.</p> <p>County Clerk: Documentation was scanned into the Purchase Order's images and once the Purchase Order was paid, the images were then deleted by the Board of County Commissioners secretary. Images were later recovered by the software system and since the incident, restrictions have been implemented to no longer allow deletions.</p>	11/1/24	<p>Ken Doke, Chairman of the BOCC</p> <p>Polly Irving, County Clerk</p>

APPENDIX B

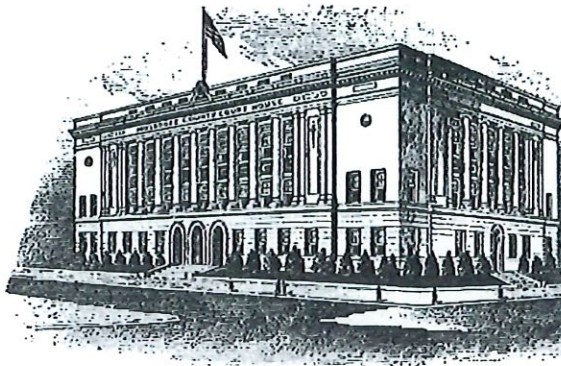
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

KEN DOKE
MUSKOGEE CO. DISTRICT 1

KEITH HYSLOP
MUSKOGEE CO. DISTRICT 2

KENNY PAYNE
MUSKOGEE CO. DISTRICT 3



POLLY IRVING
COUNTY CLERK



SHEILA SHAMBLIN
BOCC Executive Assistant

MUSKOGEE BOARD OF COUNTY COMMISSIONERS

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Email: bocc@readymuskogee.org - Website: www.muskogeecountygov.com

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

FINANCIAL AUDIT FINDINGS

Finding 2008-022, 2009-021, 2010-023, 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001

Lack of County-Wide Internal Controls

Finding Summary: Through the process of gaining an understanding of the County's internal control structure, it was noted that county-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

Status: Corrective action has not been taken.

Finding 2016-004, 2017-004, 2018-004

Transfer of Funds by Purchase Orders and Noncompliance with State Statutes

Finding Summary: During the review of disbursements, it was noted that the County had issued twelve (12) purchase orders between cash funds for various reasons, and subsequently those funds were miscellaneous receipted by the County Treasurer's Office which resulted in overstatements of both revenues and expenditures in the amount \$1,596,230.

Status: Fully Corrected.

Finding 2013-004, 2014-004, 2015-004, 2016-002, 2017-005, 2018-005

Control Environment Regarding Financial Reporting

Finding Summary: As part of our Risk Assessment, we interviewed the County Treasurer and office employees as to their understanding of internal controls. As part of our financial statement audit, we tested receipts, disbursements, and cash balances.

Status: Fully Corrected.

Finding 2013-013, 2014-012, 2016-013, 2017-006, 2018-006

Lack of Internal Controls Over Presentation of Financial Statement

Finding Summary: The County has not designed and implemented internal controls for the presentation of the County financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, we determined the preparer of the financial statement did not report accurate numbers.

Status: Fully Corrected.

Finding 2011-004, 2012-004, 2012-004, 2013-003, 2014-003, 2015-003, 2016-006, 2017-007

Lack of Internal Controls Over the Collection, Apportionment, and Cash Balances Processes of the County Treasurer

Finding Summary: During our review of the County's collection, apportionment, and cash balances processes, the following was noted:

- One employee issues receipts, balances cash drawer, performs end of day overall balancing, and prepares deposits. Additionally, no verifies the start up cash.
- There Treasurer's office does not prepare and maintain a mail log.
- Sales tax apportionments are not recalculated by someone other than the preparer.
- Bank reconciliations are not reviewed by someone other than the preparer.
- No one views the audit log.
- Monthly reports are not submitted monthly.

Status: Fully Corrected.

Finding 2017-008, 2018-008

Internal Controls and Noncompliance Over Apportionment of Motor Vehicle Tax Collections

Finding Summary: Upon inquiry, observation, and testing of motor vehicle tax collections the following was noted:

- \$132,917 from motor vehicle collections county road fund were erroneously apportioned into the County General fund rather than Highway Cash fund.
- \$6,604 from motor vehicle tax collections cities and towns were erroneously apportioned into the Highway Cash fund rather than Cities and Towns fund, a trust and agency fund.

Status: Fully Corrected.

Finding 2011-016, 2012-011, 2013-008, 2014-009, 2015-008, 2016-015, 2017-011, 2018-011

Reconciliation of Appropriation Ledger to General Ledger

Finding Summary: The County Clerk does not reconcile the appropriation ledger to the County Treasurer's general ledger. They do not reconcile apportionments to appropriations, warrants registered to warrants issued, and balances of all funds monthly.

Status: Corrective action has not been taken.

Finding 2016-013, 2017-013, 2018-013

Lack of Segregation of Duties Over the Payroll Process

Finding Summary: Upon inquiry and observation of the County's payroll process, it was noted that the Payroll Clerk enrolls new employees, reviews payroll claims, calculates amounts to be paid to the employees and payroll related agencies, makes payroll changes in the system, and prints payroll warrants.

Status: Corrective action has not been taken.

FEDERAL AUDIT FINDINGS

Finding 2014-018, 2018-015

Lack of County-Wide Controls Over Major Federal Programs – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: DR-4222, DR-4256, DR-4315, DR-4324

Federal Award Year: 2016, 2017, 2018

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability

Questioned Costs: \$-0-

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

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

Finding 2014-019, 2018-016

Lack of Internal Controls Over Major Federal Programs – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: DR-4222, DR-4256, DR-4315, DR-4324

Federal Award Year: 2016, 2017, 2018

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Muskogee County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; and Period of Performance.

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

Finding 2007-023, 2008-018, 2009-020, 2010-019, 2016-022, 2017-014, 2018-014

Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: DR-4222, DR-4256, DR-4315, DR-4324

Federal Award Year: 2016, 2017, 2018

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability

Questioned Costs: \$-0-

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

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



Cindy Byrd, CPA | State Auditor & Inspector

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