



MUSKOGEE COUNTY

Financial Report with Single Audit

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**MUSKOGEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

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, 2022. 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, 2022**

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

Shelly Sumpter

Court Clerk

Robyn Boswell

District Attorney

Larry Edwards

**MUSKOGEE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
MUSKOGEE COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

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, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Muskogee County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

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 (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Muskogee County as of June 30, 2022, or changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Muskogee County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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 prescribed or permitted by Oklahoma state law, 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Muskogee County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 Muskogee County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muskogee County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, is presented for purposes of additional analysis and is not a required part of the financial statement.

Such 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. The 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 GAAS. 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.



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, 2022

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 4,701,169	\$ 7,224,881	\$ 337	\$ 78	\$ 7,150,245	\$ 4,776,064
County Highway Unrestricted	8,862,286	4,677,334	1,500,078	-	5,564,067	9,475,631
Health	3,566,125	1,708,348	-	-	1,451,995	3,822,478
Resale Property	1,519,930	1,164,725	25,896	41,396	776,340	1,892,815
County Sinking Fund	109,508	6	-	-	-	109,514
Industrial Sinking Fund	12,114	152	-	-	-	12,266
Sheriff Service Fee	350,186	530,018	15,050	-	427,085	468,169
Jail	482,911	2,573,727	-	-	2,291,327	765,311
Use Tax - ST	4,252,017	1,006,278	-	-	209,959	5,048,336
Sheriff - ST	983,905	2,439,923	-	-	1,671,260	1,752,568
County Bridge and Road Improvement	2,226,468	1,183,627	-	-	1,360,137	2,049,958
Highway - ST	3,424,191	2,577,104	-	-	2,858,608	3,142,687
Rural Fire - ST	3,321,941	1,434,471	-	-	1,112,745	3,643,667
Rainy Day Fund	2,010,256	-	-	-	-	2,010,256
Emergency Management Performance Grant	37,536	19,594	-	-	22,055	35,075
Reward Fund	8,211	15,369	-	-	-	23,580
County Clerk Lien Fee	19,512	16,941	-	-	11,030	25,423
Treasurer Mortgage Certification	15,430	12,375	-	-	4,965	22,840
Assessor Revolving Fee	19,840	5,228	-	-	7,397	17,671
Sheriff Commissary	203,348	664,478	-	-	592,303	275,523
County Clerk Records Management Preservation Fund	259,380	288,748	-	337	66,784	481,007
Sheriff Forfeiture	24,467	3,900	-	-	5,825	22,542
Sheriff Training	306	4,183	-	-	3,150	1,339
Justice Assistance Grant	4,461	35,757	-	-	33,874	6,344
Donations	6,017	-	-	-	771	5,246
Capital Reserve Fund	7,336	-	-	-	-	7,336
Emergency Management Grant Fund	5,046	-	-	-	295	4,751
Cash Drawer	1,100	-	430	-	-	1,530
Flood Plain	2,293	-	-	-	-	2,293
Economic Development - ST	45,666	21,036	-	-	-	66,702
Sales Tax (STRCF)	534,125	-	-	-	-	534,125
Safe Oklahoma Grant	27,263	-	-	-	13,180	14,083
Health Department Cash Drawer	150	-	-	150	-	-
County Clerk Cash Drawer	100	-	-	100	-	-
County Assessor Cash Drawer	30	-	-	30	-	-
COVID Aid and Relief Fund	1,374,617	-	-	750,000	5,199	619,418
American Rescue Plan Act 2021	6,603,810	1,329	-	-	2,423,750	4,181,389
Court Clerk Payroll	-	101,640	25,896	25,896	81,531	20,109
Total - All County Funds	\$ 45,023,051	\$ 27,711,172	\$ 1,567,687	\$ 817,987	\$ 28,145,877	\$ 45,338,046

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, 2022**

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, 2022**

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, 2022**

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.

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

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.

**MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 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.

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

C. Basis of Accounting

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

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

**MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 visual inspection on a continuous basis and shall establish an inspection schedule which will result

**MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

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

**MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

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

**MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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:

- \$337 was transferred from the County Clerk Records Management Fund to the County General fund per resolution.
- \$78 was transferred from the County General fund to the County Highway Unrestricted fund per resolution.
- \$750,000 was transferred from the COVID Aid and Relief Fund to the County Highway Unrestricted fund per resolution.
- \$750,000 was transferred from the Emergency and Transportation Revolving Fund, a trust and agency fund, to the County Highway Unrestricted fund as a loan used for bridge and road projects in the County.
- \$15,050 was transferred from the Resale Property fund to the Sheriff Service Fee fund per resolution.
- \$25,896 was transferred from the Resale Property fund to the Court Clerk Payroll fund to meet requirements of appropriations in accordance with 68 O.S. § 3021.
- \$25,896 was transferred from the Court Clerk payroll to the Resale Property fund for repayment of the loan in accordance with 68 O.S. § 3021.
- \$430 was transferred from the following funds to the Cash Drawer fund to close out individual cash drawer funds:
 - \$150 from Health Cash Drawer
 - \$100 from County Clerk Cash Drawer
 - \$30 from the Assessor Cash Drawer
 - \$150 from the Court Clerk Cash Drawer, a trust and agency fund.
- \$450 was transferred from the Resale Property fund per resolution to reduce fund balance that was short after resale.

SUPPLEMENTARY INFORMATION

MUSKOGEE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 79,760	\$ 47,214	\$ 32,546
District Attorney - County	6,336	6,048	288
County Sheriff	420,400	418,568	1,832
County Treasurer	190,320	170,674	19,646
District #1	106,000	87,110	18,890
District #2	106,000	83,608	22,392
District #3	106,000	89,829	16,171
OSU Extension	145,500	136,714	8,786
County Clerk	430,748	409,059	21,689
Court Clerk	420,336	389,664	30,672
Assessor	409,165	398,973	10,192
Visual Inspection	547,736	532,221	15,515
District Court	43,421	42,518	903
General Government	4,594,290	1,609,797	2,984,493
Excise Equalization	10,200	3,286	6,914
Election Board	234,223	229,112	5,111
County Purchasing Agent	208,000	199,168	8,832
Emergency Management	174,678	171,667	3,011
County Jail	260,366	257,308	3,058
Public Transportation	45,000	45,000	-
Highway Budget	16,600	-	16,600
Highway District 1	683,948	682,482	1,466
Highway District 2	679,534	679,242	292
Highway District 3	679,535	647,234	32,301
County Audit	162,457	89,725	72,732
Free Fair Budget	1,200	1,200	-
Soil Conservation District	1,500	1,500	-
Flood Plain	617	617	-
Public Schools	22,000	1,862	20,138
Total Expenditures, Budgetary Basis	<u>\$ 10,785,870</u>	<u>\$ 7,431,400</u>	<u>\$ 3,354,470</u>

MUSKOGEE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 4,153,593	\$ 1,540,832	\$ 2,612,761
Total Expenditures, Budgetary Basis	<u>\$ 4,153,593</u>	<u>\$ 1,540,832</u>	<u>\$ 2,612,761</u>

**MUSKOGEE COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Commerce:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	\$ 4,742
Total U.S. Department of Agriculture			<u>4,742</u>
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Flood Control Projects	12.106	N/A	39,213
Total U.S. Department of Defense			<u>39,213</u>
U.S. DEPARTMENT OF INTERIOR			
Direct:			
Payments in Lieu of Taxes	15.226	N/A	64,580
Total U.S. Department of Interior			<u>64,580</u>
U.S. DEPARTMENT OF JUSTICE			
Direct:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	33,874
Total U.S. Department of Justice			<u>33,874</u>
U.S. DEPARTMENT OF TREASURY			
Direct:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,423,750
Total U.S. Department of Treasury			<u>2,423,750</u>
U.S. DEPARTMENT OF HEALTH			
Passed Through the Oklahoma Department of Emergency Management:			
Activities to Support State, Tribal, Local and Territorial (STLT)			
Health Department Response to Public Health or Healthcare Crises	93.391	N/A	44,014
Total U.S. Department of Health			<u>44,014</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	26,126
Total U.S. Department of Homeland Security			<u>26,126</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,636,299</u></u>

MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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).

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 (GAAS) 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, 2022, and the related notes to the financial statement, which collectively comprise Muskogee County's 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 (U.S. GAAP). 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, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on 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 responses that we consider to be material weaknesses: 2022-001, 2022-003, 2022-006, and 2022-007.

Report on 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 responses as items 2022-006.

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 responses contained in this report.

Muskogee County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Muskogee County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Muskogee County's response was not subjected to the other 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

Qualified Opinion

We have audited Muskogee County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Muskogee County's major federal program for the year ended June 30, 2022. 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.

Qualified Opinion on ALN 21.027 – State and Local Fiscal Recovery Fund (SLFRF)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Muskogee County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent Muskogee County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of Muskogee County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on ALN 21.027 – State and Local Fiscal Recovery Fund (SLFRF)

As described 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
2022-011	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Muskogee County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Muskogee County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Muskogee County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Muskogee County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Muskogee County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Muskogee County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed 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. Those instances of noncompliance related to the following program and compliance requirement:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-013	21.027	Coronavirus State and Local Fiscal Recovery Funds	Reporting

Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Muskogee County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Muskogee County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses. Those material weaknesses in internal control over compliance related to the following program and compliance requirement:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-014	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Procurement and Suspension and Debarment; Reporting
2022-015	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Procurement and Suspension and Debarment; Reporting

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Muskogee County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Muskogee County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Muskogee County's response was not subjected to the other 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, 2022**

SECTION 1—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:.....Adverse as to U.S. 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)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal
Recovery Funds

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, 2022**

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 2022-001 – 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, 2021-001)

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, 2022**

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 2022-003 - 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, 2021-003)

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, 2022**

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 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 2022-006 – Lack of Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding – 2019-011, 2020-009, 2021-006)

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-nine (39) disbursements tested, we noted the following exceptions:

- Eight (8) were not properly review and/or authorized.
- Five (5) were not timely encumbered.

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022**

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 2022-007 – Lack of Segregation of Duties Over the Payroll Process (Repeat Finding – 2016-013, 2017-013, 2018-013, 2019-012, 2020-010, 2021-007)

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, 2022**

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.

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 2022-014 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds

PASS THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

FEDERAL AWARD NUMBER: SLFRP3720

FEDERAL AWARD YEAR: 2022

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

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

QUESTIONED COSTS: \$-0-

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

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

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

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

Management Response:

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.

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.

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Finding 2022-015 – Lack of Internal Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds

PASS THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

FEDERAL AWARD NUMBER: SLFRP3720

FEDERAL AWARD YEAR: 2022

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

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, Procurement and Suspension and Debarment, and Reporting.

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).

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 2022-011 - Noncompliance Over Procurement and Suspension and Debarment – Coronavirus State and Local Fiscal Recovery Funds

PASS THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

FEDERAL AWARD NUMBER: SLFRP3720

FEDERAL AWARD YEAR: 2022

CONTROL CATEGORY: Procurement and Suspension and Debarment

QUESTIONED COSTS: \$203,000

Condition: During our review of the disbursement data from Muskogee County regarding procurement and suspension and debarment as per the Uniform Guidance 2 CFR 200.317 through 200.327, we identified the following:

- One (1) ambulance was purchased in the amount of \$203,000 for the Muskogee County EMS. There were no bids or quotes provide by the County or found in the BOCC meeting minutes supporting expenditure documentation.
- There were six (6) vendors, in which the County did not check the www.SAM.gov website to review if the vendor had been suspended or debarred for those disbursements that warranted a bid, on the 6-month bid list, or received quotes.

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

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

Recommendation: OSAI recommends county officials and department heads gain an understanding of federal programs awarded to Muskogee County. Internal control procedures should be designed and implemented to ensure accurate procurement and suspension and debarment and to ensure compliance with federal 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. This includes that all expenditures are properly documented and that all vendors are federally eligible to perform services.

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Criteria: *2 CFR § 200.317 through 200.327 General Procurement Standards* reads as follows:

When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will comply with [§§ 200.321](#), [200.322](#), and [200.323](#) and ensure that every purchase order or other contract includes any clauses required by [§ 200.327](#). All other non-Federal entities, including subrecipients of a State, must follow the procurement standards in [§§ 200.318 through 200.327](#).

The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in [§§ 200.317 through 200.327](#).

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

2 CFR 180.700 – 180.760 Suspension and 2 CFR 180.800 – 180.885 Debarment

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

Finding 2022-013 - Noncompliance Over Reporting – Coronavirus State and Local Fiscal Recovery Funds

PASS THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: United States Department of the Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

FEDERAL AWARD NUMBER: SLFRP3720

FEDERAL AWARD YEAR: 2022

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Condition: During the process of documenting the County’s internal controls regarding federal reporting process, we noted that the County has not established procedures to ensure compliance with reporting requirement. Furthermore, while performing a test over the reporting requirement, we noted the following:

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- Interim report was not submitted.
- Variances between expenditures reported on the quarterly reports and the County's expenditure data:
 - Quarterly reports during the period of March through December 2021 expenditure amounts were more than County's the expenditure data by \$124,984.
 - Quarterly report Q1 2022 expenditure amount was more than the County's expenditure data by \$1,140,410.
 - Quarterly report Q2 2022 expenditure amount was less than the County's expenditure data by \$39,146.

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

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

Recommendation: OSAI recommends the County comply with federal laws and regulations and grant agreements by submitting required reports to the U.S. Department of the Treasury timely. In addition, OSAI recommends the County design and implement a system of internal controls to ensure the accuracy and completeness of information submitted.

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 and properly reported.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – 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.

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).

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Compliance and Reporting Guide – State and Local Fiscal Recovery Funds – Version 5.2 also states in part:

States, U.S. territories, metropolitan cities, counties, and Tribal governments were required to submit a one-time interim report with expenditures⁷ by Expenditure Category covering the period from March 3rd to July 31, 2021, by August 31, 2021 or sixty (60) days after first receiving funding if the recipient's date of award was between July 15, 2021 and October 15, 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 2022-009 – 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.

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.
- 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 Trust Fund account available for inmates to claim.

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Segregation of duties

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Title 19 O.S. § 180.43D 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

**MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

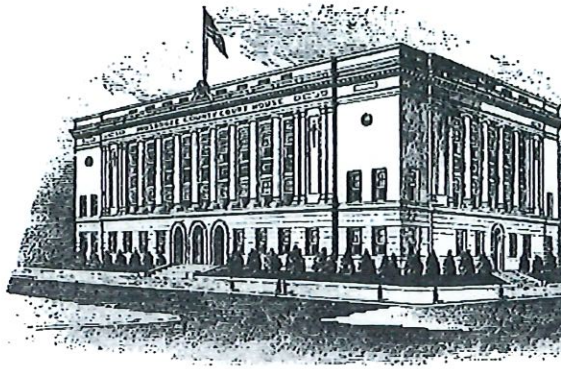
CORRECTIVE ACTION PLAN

(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, 2022

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	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
2022-003	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 OSAI.	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.		
2022-006	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
2022-007	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
2022-014	Assistance Listing Number 21.027 Lack of County-Wide Controls Over Major Federal Programs- Coronavirus State and Local Fiscal Recovery Funds	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
2022-015	Assistance Listing Number 21.027 Lack of Internal Controls Over Major Federal Programs- Coronavirus State and Local Fiscal Recovery Funds	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
2022-011	Assistance Listing Number 21.027	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	11/1/24	Ken Doke, Chairman of the BOCC

	Noncompliance Over Procurement and Suspension/Debarment-Major Federal Program-Coronavirus State and Local Fiscal Recovery Funds	to ensure that all grant funds are properly expended. This includes that all expenditures are properly documented and that all vendors are federally eligible to perform services		
2022-013	Assistance Listing Number 21.027 Noncompliance Over Reporting-Major Federal Program-Coronavirus State and Local Fiscal Recovery Funds	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 and properly reported.	11/1/24	Ken Doke, Chairman of the BOCC

APPENDIX B

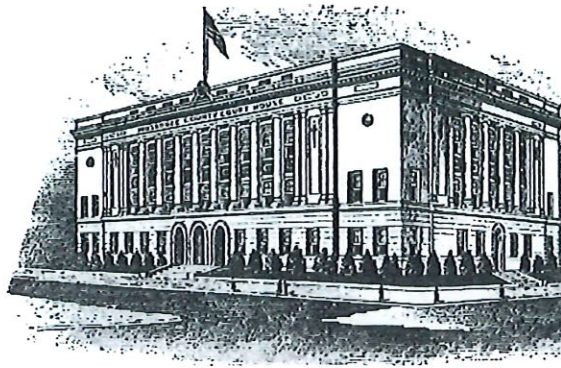
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(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

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

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, 2022

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, 2019-001, 2020-001, 2021-001

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 Risk Assessment, Information and Monitoring have not been designed.

Status: Corrective action has not been taken.

Finding 2011-016, 2012-011, 2013-008, 2014-009, 2015-008, 2016-015, 2017-011, 2018-011, 2019-010, 2020-008, 2021-003

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.

Status: Corrective action has not been taken.

Finding 2019-011, 2020-009, 2021-006

Lack of Internal Controls and Noncompliance Over the Disbursement Process

Finding Summary: 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.

Status: Fully Corrected.

Finding 2016-013, 2017-013, 2018-013, 2019-012, 2020-010, 2021-007

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 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.

Status: Corrective action has not been taken.

Finding 2019-013, 2020-011, 2021-008

Lack of Internal Controls and Noncompliance Over Investments

Finding Summary: 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.

Status: Fully Corrected.

FEDERAL AUDIT FINDINGS

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 No: 21.019

Federal Program Name: Coronavirus Relief Fund

Federal Grant Award Number: SA-0187

Federal Award Year: 2016, 2017, 2018

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

Questioned Costs: \$-0-

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

Status: Corrective action has not been taken.

Finding 2021-011

Lack of Internal 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 No: 21.019

Federal Program Name: Coronavirus Relief Fund

Federal Grant Award Number: SA-0187

Federal Award Year: 2016, 2017, 2018

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

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; and Period of Performance

Status: Corrective action has not been taken.

Finding 2021-012

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

Pass-Through Grantor: Office of Management and Enterprise Services

Federal Agency: U.S. Department of the Treasury

Assistance Listing No: 21.019

Federal Program Name: Coronavirus Relief Fund

Federal Grant Award Number: SA-0187

Federal Award Year: 2016, 2017, 2018

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

Questioned Costs: \$1,089,096

Finding Summary: 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.

Status: Corrective action has not been taken.

Finding 2021-011

Lack of Internal 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 No: 21.019

Federal Program Name: Coronavirus Relief Fund

Federal Grant Award Number: SA-0187

Federal Award Year: 2016, 2017, 2018

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

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; and Period of Performance

Status: Corrective action has not been taken.



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