



OKFUSKEE COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

October 4, 2023

TO THE CITIZENS OF
OKFUSKEE COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Danny Wilson

District 2 – Jeff Morphis

District 3 – James Yandell

County Assessor

Pamela Parish

County Clerk

Dianne Flanders

County Sheriff

James Rasmussen

County Treasurer

Lori Coplin

Court Clerk

Sherri Foreman

District Attorney

Max Cook

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

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
OKFUSKEE COUNTY, OKLAHOMA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of Okfuskee 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 Okfuskee County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 30, 2023

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 589,337	\$ 1,024,696	\$ 47,100	\$ -	\$ 1,120,673	\$ 540,460
General Gov't-ST	910,140	563,315	-	559,931	531,404	382,120
County Highway Unrestricted	1,388,211	3,301,554	-	14,584	2,641,183	2,033,998
Health	249,292	193,684	-	-	146,468	296,508
Resale Property	449,363	108,215	12,104	135,000	99,550	335,132
Emergency Management	15,412	19,521	-	-	20,573	14,360
Sheriff Service Fee	119,642	321,275	-	-	113,644	327,273
County Clerk Lien Fee	156,287	9,551	-	-	10,656	155,182
County Clerk Records Management and Preservation	80,473	29,279	-	-	17,355	92,397
Assessor Revolving Fee	7,380	1,880	-	-	660	8,600
Treasurer Mortgage Certification	15,165	1,797	-	-	8,107	8,855
Use Tax-ST	233,147	296,274	-	-	66,238	463,183
911 Phone Fees	423,707	137,934	-	-	112,597	449,044
Drug Court	86,220	74,396	-	-	71,562	89,054
Court Clerk Payroll	3,263	91,374	-	-	85,136	9,501
Sheriff Commissary	38,972	86,586	-	-	84,763	40,795
Rural Economic Action Plan Revolving Fund	-	50,000	-	-	50,000	-
Jail-ST	64,315	568,245	-	-	578,703	53,857
Community Service Sentencing Program	83,154	-	-	-	-	83,154
Extension-ST	102,157	118,410	23,956	-	108,101	136,422
Fair-ST	16,784	42,622	4,039	-	41,821	21,624
Senior Citizens-ST	37,167	28,426	28,323	-	16,181	77,735
Jail	81,466	132,603	-	-	171,300	42,769
County Bridge and Road Improvement	646,381	299,440	-	-	166,429	779,392
Courthouse Maintenance-ST	103,434	66,724	96,777	-	53,380	213,555
Roads and Bridges-ST	29,152	143,733	365,817	-	100,849	437,853
Rural Fire-ST	36,167	28,429	41,019	-	6,258	99,357
County Donations	-	9,734	-	-	9,679	55
American Rescue Plan Act 2021	-	1,164,750	-	-	-	1,164,750
Total - All County Funds	\$ 5,966,188	\$ 8,914,447	\$ 619,135	\$ 709,515	\$ 6,433,270	\$ 8,356,985

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

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

General Gov't-ST – accounts for collections of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

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

Health – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

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

Emergency Management – accounts for the collection and disbursement of funds from the state for the Emergency Management Department.

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

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

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

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

Assessor Revolving Fee – accounts for the collection of fees for copies as restricted by state statute.

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

Use Tax-ST – accounts for revenues from sales tax charged to out-of-county vendors on in-county sales. Disbursements are for any legal expenses of the County.

911 Phone Fees – accounts for monies received from private telephone companies for the operations of emergency 911 services on landlines.

Drug Court – accounts for collections from state funding and disbursements are for adult drug court processes.

Court Clerk Payroll – accounts for payroll for the office of the Court Clerk.

Sheriff Commissary – accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods from the vendor. Excess funds are used for maintenance and operations of the Sheriff's department.

Rural Economic Action Plan Revolving Fund – accounts for revenues from a Rural Economic Action Plan Grant provided for the upkeep of county buildings.

Jail-ST – accounts for monies collected from the three-quarter of one cent (0.75%) of one cent sales tax and disbursements are for the site acquisition, design, construction, financing, furnishing, capital facilities and improvements, equipment fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new Okfuskee County Detention Facility.

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

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

Extension-ST – accounts for collections of sales tax revenue and the disbursement of funds, as restricted by the sales tax ballot for OSU Extension office.

Fair-ST – accounts for collections of sales tax revenue and the disbursement of funds, as restricted by the sales tax ballot for County Free Fair.

Senior Citizens-ST – accounts for collections of sales tax revenue and the disbursement of funds, as restricted by the sales tax ballot for Senior Citizens.

Jail – accounts for collections and disbursement of monies for maintenance and operation expenses for the Okfuskee County Detention Facility.

County Bridge and Road Improvement – accounts for revenues from the Oklahoma Department of Transportation and disbursement of funds are earmarked for bridges, roads, and certain improvements to roads.

Courthouse Maintenance-ST – accounts for collections of sales tax revenue and the disbursement of funds, as restricted by the sales tax ballot for the county courthouse.

Roads and Bridges-ST – accounts for collections of sales tax revenue and the disbursement of funds, as restricted by the sales tax ballot for highway special projects.

Rural Fire-ST – accounts for collections of sales tax revenue and the disbursement of funds, as restricted by the sales tax ballot for the rural fire departments.

County Donations – accounts for donations received through the Board of County Commissioners and disbursed for the purpose designated at the time of the donation.

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

C. Basis of Accounting

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

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

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 has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

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

E. Cash and Investments

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

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

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

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

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

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

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group

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

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 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 February 9, 1993

The voters of Okfuskee County approved a one and one-quarter percent (1.25%) sales tax that went into effect January 1, 1994. This sales tax is unlimited in duration and was established to provide revenue for the County and used for the following seven specific areas and percentages: General Government 59%, OSU Extension Office 12.5%, County Roads 12%, Maintenance and Repair-Okfuskee County Courthouse 6%, Okfuskee County Free Fair Board 4.5%, Senior Citizens Organizations 3% (distributed equally to four sites), and Rural Fire Departments 3% (distributed equally to seven departments).

These funds are accounted for in the following funds: General Gov't-ST, Extension-ST, Fair-ST, Senior Citizens-ST, Courthouse Maintenance-ST, Road and Bridges-ST, and Rural Fire-ST.

Sales Tax of August 23, 2016

The voters of Okfuskee County approved a three-fourths (.75%) of one cent sales tax that went into effect January 1, 2017. This sales tax was established to provide revenue for site acquisition, design, construction, financing, furnishing, capital facilities and improvements, equipment, fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new Okfuskee County Detention Facility to terminate at twenty (20) years from the effective date of the sales tax or at the date of retirement of any debt incurred related thereto, whichever occurs earlier; provided further that three-eighths (3/8) of one cent shall remain in effect indefinitely to be used for operation and maintenance of the new detention facility and shall remain outstanding until lawfully repealed.

These funds are accounted for in the Jail-ST fund.

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

E. Interfund Transfers

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

- \$2,100 was transferred from the Estray Animal fund (a Trust & Agency fund) to the County General fund in accordance with 4 O.S. § 85.6(D).
- \$135,000 was transferred from Resale Property fund in accordance with 68 O.S. § 3137 to the following funds:
 - \$45,000 to County General
 - \$45,000 to Municipal-City-Town Remit (a Trust & Agency fund)
 - \$45,000 to Independent School Remit (a Trust & Agency fund)
- \$14,584 was transferred from the County Highway Unrestricted fund to Emergency Transportation Revolving fund (a Trust & Agency fund) for repayment of a loan.
- To establish a uniform system of bookkeeping in accordance with 74 O.S. § 214, a total of \$559,931 was transferred from County Gov't-ST fund to the following funds:
 - \$23,956 to Extension-ST
 - \$4,039 to Fair-ST
 - \$28,323 to Senior Citizens-ST
 - \$96,777 to Courthouse Maintenance-ST
 - \$365,817 to Roads and Bridges-ST
 - \$41,019 to Rural Fire-ST
- \$12,104 was transferred from the Excess Resale fund (a Trust & Agency fund) to Resale Property fund in accordance with 68 O.S. § 3131(c).

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 678,000	\$ 672,134	\$ 5,866
County Treasurer	79,136	77,199	1,937
County Clerk	3,441	3,437	4
Court Clerk	77,136	77,136	-
County Assessor	92,545	90,737	1,808
Visual Inspection	98,851	97,880	971
General Government	423,517	16,342	407,175
Excise-Equalization Board	3,700	2,817	883
County Election Board	69,760	68,591	1,169
Charity	2,000	885	1,115
County Audit Budget Account	21,782	14,751	7,031
Total Expenditures, Budgetary Basis	\$ 1,549,868	\$ 1,121,909	\$ 427,959

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 401,183	\$ 201,474	\$ 199,709
Total Expenditures, Budgetary Basis	\$ 401,183	\$ 201,474	\$ 199,709

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Emergency Management:			
E-911 Grant Program	20.615		\$ 10,816
Total U.S. Department of Transportation			<u>10,816</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0189	4,033
Total U.S. Department of Treasury			<u>4,033</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4438	728,527
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4453	82,047
Total U.S. Department of Homeland Security			<u>810,574</u>
Total Expenditures of Federal Awards			<u>\$ 825,423</u>

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

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Okfuskee 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

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On June 1, 2019, the President of the United States approved Major Disaster Declaration Number 4438 for Okfuskee County in response to May 7, 2019 through June 9, 2019 Oklahoma severe storms, straight-line winds, tornadoes, and flooding. The County incurred \$177,791 in eligible expenditures in the prior fiscal year ending June 30, 2020 and \$4,808 in fiscal year ending June 30, 2019. The Federal Emergency Management Agency approved some project worksheets for this disaster in the fiscal year ending June 30, 2021. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) includes \$545,928 in eligible expenditures incurred in the fiscal year ending June 30, 2021 and all eligible expenditures that were incurred in the fiscal years ending June 30, 2020 and June 30, 2019.

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
OKFUSKEE COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Okfuskee County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Okfuskee County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 30, 2023.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Okfuskee 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Okfuskee County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Okfuskee 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 a 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okfuskee 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Okfuskee County's Response to Findings

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

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 30, 2023



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

TO THE OFFICERS OF
OKFUSKEE COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)

As described in Finding 2021-008 in the accompanying schedule of findings and questioned costs, Okfuskee County did not comply with requirements regarding the following:

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2021-008	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed
2021-008	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Allowable Costs / Cost Principles
2021-008	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting

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

Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Okfuskee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2021.

Other Matters

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-006 and 2021-007 that we consider to be material weaknesses.

Okfuskee County's Response to Findings

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 30, 2023

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

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

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

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

No findings noted.

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

Finding 2021-006 – Lack of County-Wide Controls Over Major Federal Program - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

PASS THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR 4438 and DR 4453

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Reporting and Special Tests and Provisions.

QUESTIONED COSTS: \$-0-

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

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

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in noncompliance to federal award requirements.

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

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

Management Response:

Chairman of the Board of County Commissioners: Officials and employees tasked with the responsibility of expending any federal funds will attend training and to better understand the guidelines. Information received will be communicated to the other officials at the 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 quasigovernmental entities.

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).

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

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

Finding 2021-007 – Lack of Internal Controls Over Major Federal Program - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

PASS THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR 4438 and DR 4453

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Reporting, and Special Tests and Provisions

QUESTIONED COSTS: \$-0-

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with the Uniform Grant Guidance.

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

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

Management Response:

Chairman of the Board of County Commissioners: Officials and employees tasked with the responsibility of expending federal FEMA funds will attend training and seminars offered by OSAI, OEM, and Muskogee Creek Nation to better understand the guidelines. Information received will be communicated to the other officials at the quarterly meetings.

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

The non-Federal entity must:

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

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

Further, 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.

Finding 2021-008 – Noncompliance with Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR 4438 and DR 4453

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$289,739

Condition: During inquiry, review, and a test of 100% FEMA expenditures, the following was noted:

Project Worksheet 88 Questioned Cost - \$9,981

The County was unable to produce the following:

- Personnel records for labor that detailed employee hours spent on each site for the project totaling \$180.
- Personnel records for labor that subsequently resulted in equipment costs that could not be traced to an employee totaling \$8,645.
- Daily Activity Reports for material costs totaling \$1,156.
- One (1) quarterly report to Oklahoma Department of Emergency Management (OEM) was not timely submitted.

Project Worksheet 607 Questioned Cost - \$4,808

- The County was unable to produce activity sheets to confirm the reimbursement from OEM totaling \$4,808.

Project Worksheet 660 Questioned Cost - \$274,950

- The County was unable to produce records or documentation totaling \$274,950 for material costs.
- One (1) quarterly report to OEM was not timely submitted.

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

In addition, the County was unable to produce records or documentation totaling \$55,147 for work performed and reported as complete for the state and local shares:

- Project Worksheet 88 totaling \$3,327.
- Project Worksheet 660 totaling \$51,820.

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

Effect of Condition: These conditions resulted in noncompliance to grant requirements and could result in loss of federal fund to the County.

Recommendation: OSAI recommends the County gain an understanding of the compliance requirements for federal programs and implement internal control procedures to ensure compliance with all requirements. We further recommend that all documentation be properly maintained for inspection.

Management Response:

Chairman of the Board of County Commissioners: Responsible personnel will attend training classes by OSAI, OEM, and Muskogee Creek Nation to stay updated on allowable expenditures and recordkeeping techniques to allow for more accurate reporting. I will work with the County Emergency Management Coordinator to ensure quarterly reports are filed on time.

County Commissioner District 1: Documentation for Project Worksheet 660 was reported incorrectly to OEM. I have contacted OEM to request an amended audit. Responsible personnel will attend training classes by OSAI office and OEM to stay updated on allowable expenditures and record keeping techniques to allow for more accurate reporting. I will work with the County Emergency Management Coordinator to ensure quarterly reports are filed on time.

County Commissioner District 2: Project Worksheet 88 was completed by the prior administration. Responsible personnel will attend training classes by OSAI office and OEM to stay updated on allowable expenditures and record keeping techniques to allow for more accurate reporting. I will work with the County Emergency Management Coordinator to ensure quarterly reports are filed on time.

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

The non-Federal entity must:

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

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

Title 2 *CFR* § 200.318 (a), *General procurement standards*, reads as follows:

a) The Non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. [...]

Title 2 *CFR* § 200.84 *Questioned Cost* reads as follows:

Questioned cost means a cost that is questioned by the auditor because of an audit finding:

- (a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for fund used to match Federal funds;
- (b) Where the costs, at the time of the audit, are not supported by adequate documentation;
- or
- (c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

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

Compliance Objectives

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

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

Finding 2021-003 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, 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.
- Deposits are not made daily.
- An annual report for the Sheriff Commissary Fund was filed with the Board of County Commissioners by January 15th, however the balance did not reconcile to the County Treasurer.
- There is no policy or procedure regarding unclaimed funds.

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

Cause of Condition: Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary fund.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the following:

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- All collections should be deposited daily.
- An annual report for the Sheriff Commissary Fund should be filed with the Board of County Commissioners by January 15th, of the fiscal year and reconciled to the County Treasurer.
- Unclaimed inmate monies should follow unclaimed property in accordance with state statute.

Management Response:

County Sheriff: The secure cash receptacles used to receive and automatically count funds for the inmate trust (Booking Desk and Lobby) are two-person control. They require two separate keys used simultaneously to unlock. One key is maintained by a jail supervisor and the other is kept by the Undersheriff. The cash is withdrawn and counted by this two-person team. The deposit slip is completed by one person but is witnessed by the second person. This procedure has been in place since July 2020. One person may print the checks, but two persons (signatories of the Trust Account) must endorse the check.

The proceeds from the commissary/telephone/medical/etc. are withdrawn from the Inmate Trust and deposited in the Sheriff's Commissary Account monthly. It has been late on occasion due to key staff absences and turnover.

After assistance/education by the auditor, a revised annual commissary report was filed on 2 Aug 21. The balance on the report did reconcile with the Treasurer.

The procedure for handling unclaimed funds that will be followed is clearly defined in Title 22, Sec 1325 of the Oklahoma Statutes.

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 transaction, 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.

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

The GAO Standards – 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.

The GAO Standards – Principle 16 – Perform 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. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

Title 19 O.S. § 180.43 (D) states in part, “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. § 531(A) states in part, “The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

Title 22 O.S. § 1325(F, H) prescribes the procedures for handling unclaimed property.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



BOARD OF COUNTY COMMISSIONERS
OKFUSKEE COUNTY
P O BOX 26
OKEMAH, OKLAHOMA 74859
(918) 623-1724

COMMISSIONERS
CHAIRMAN
JAMES YANDELL
MEMBERS
MARK COLEMAN
JEFF MORPHIS

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

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
Finding 2021-006	97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Officials and employees tasked with the responsibility of expending any federal funds will attend training and to better understand the guidelines. Information received will be communicated to the other officials at the quarterly meetings.	6/30/23	Board of County Commission Chairman – James Yandell
Finding 2021-007	97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Officials and employees tasked with the responsibility of expending federal FEMA funds will attend training and seminars offered by OSAI, OEM, and Muskogee Creek Nation to better understand the guidelines. Information received will be communicated to the other officials at the quarterly meetings.	6/30/23	Board of County Commission Chairman – James Yandell
Finding 2021-008	97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Responsible personnel will attend training classes by OSAI, OEM, and Muskogee Creek Nation to stay updated on allowable expenditures and record keeping techniques to allow for more accurate reporting. I will work with the County Emergency Management Coordinator to ensure quarterly reports are filed on time.	6/30/23	Board of County Commission Chairman – James Yandell

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



BOARD OF COUNTY COMMISSIONERS
OKFUSKEE COUNTY
P O BOX 26
OKEMAH, OKLAHOMA 74859
(918) 623-1724

COMMISSIONERS
CHAIRMAN
JAMES YANDELL
MEMBERS
MARK COLEMAN
JEFF MORPHIS

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

FINANCIAL AUDIT FINDINGS

Finding 2011-002

County Clerk – Reconciliation of Appropriation Ledger to General Ledger

Finding Summary: The County Clerk's appropriation ledger was not reconciled to the County Treasurer's general ledger during the fiscal year 2011.

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

Finding 2011-004

Inadequate Internal Controls Over Pledged Collateral and Noncompliance with Statute

Finding Summary: The County's bank account balances and investments were under-pledged.

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

Finding 2011-013 Inadequate Segregation of Duties - County Treasurer's Office

Finding Summary: The County Treasurer has segregated the duties of preparing/reviewing deposits and performing bank reconciliations; however, the employees who perform these duties also issue receipts. In addition, all employees work from the same cash drawer. For mail-in payments, all employees can open the mail and issue receipts. A daily mail log is not maintained.

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

FEDERAL AUDIT FINDINGS

No matters were reported.

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



Cindy Byrd, CPA | State Auditor & Inspector

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