



# OTTAWA COUNTY

## Financial Report

For the fiscal year ended June 30, 2019

**Cindy Byrd, CPA**  
State Auditor & Inspector

**OTTAWA COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



January 18, 2023

TO THE CITIZENS OF  
OTTAWA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Ottawa County, Oklahoma for the fiscal year ended June 30, 2019. 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

**OTTAWA COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Board of County Commissioners**

District 1 – Mike Furnas  
District 2 – Chad Masterson  
District 3 – Russell Earls

**County Assessor**

Becky Smith

**County Clerk**

Robyn Mitchell

**County Sheriff**

Jeremy Floyd

**County Treasurer**

Kathy Bowling

**Court Clerk**

Cassie Key

**District Attorney**

Kenny Wright

**OTTAWA COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**OTTAWA COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
OTTAWA 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 Ottawa County, Oklahoma, as of and for the year ended June 30, 2019, 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 Ottawa 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 Ottawa County as of June 30, 2019, 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 Ottawa County, as of and for the year ended June 30, 2019, in accordance with the basis of accounting described in Note 1.

***Other Matters***

***Supplementary Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of Ottawa 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 Ottawa County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 22, 2022

**REGULATORY BASIS FINANCIAL STATEMENT**

**OTTAWA COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
County Funds:						
County General Fund	\$ 1,004,000	\$ 3,874,377	\$ 750,000	\$ 753,774	\$ 3,795,414	\$ 1,079,189
County Health	273,646	271,874	-	-	315,686	229,834
Bureau of Indian Affairs (BIA) Stateline Road	37,741	1,077,224	-	16,113	1,064,286	34,566
Bureau of Indian Affairs (BIA) Cayuga	-	59,210	16,113	-	74,518	805
County Highway Unrestricted	1,773,380	2,447,659	-	-	2,458,266	1,762,773
Roads and Bridges - ST	1,216,979	1,370,344	-	-	1,081,320	1,506,003
County Building - ST	613,135	611,547	-	-	522,286	702,396
MIDA Rawlins Sinking	47	92	-	-	-	139
Rural Fire - ST	260,497	244,855	-	-	204,460	300,892
Sheriff Board of Prisoners	55,567	185,243	-	-	231,483	9,327
County Bridge and Road Improvement	728,976	314,339	750,000	750,000	64,719	978,596
Resale Property	403,283	234,495	-	-	202,249	435,529
Local Emergency Planning Committee	3,000	5,097	-	-	5,097	3,000
Emergency Management Performance Grant	25,408	16,431	-	-	15,364	26,475
Sheriff Service Fee	61,939	284,908	3,774	-	285,969	64,652
Sheriff Bond Fee	6,027	6,803	-	-	9,712	3,118
Sheriff Commissary	11,503	131,588	-	-	126,936	16,155
Sheriff Reserves	-	4,155	-	-	2,595	1,560
County Clerk Lien Fee	11,235	10,157	-	-	9,572	11,820
County Clerk Records Management and Preservation	48,452	26,074	-	-	23,087	51,439
Treasurer Mortgage Certification	4,700	4,380	-	-	2,744	6,336
Reward Fund	1,271	100	-	-	-	1,371
Assessor Revolving Fee	13,537	2,279	-	-	912	14,904
Safe Room Grant	278	-	-	-	-	278
Sheriff Forfeiture	9,353	269	-	-	3,540	6,082
County Donations	-	11,301	1,763	-	4,677	8,387
K9	-	461	-	461	-	-
Animal Control Unit	-	1,302	-	1,302	-	-
Convenience Center Fund	-	10,982	-	-	9,895	1,087
<b>Total - All County Funds</b>	<b>\$ 6,563,954</b>	<b>\$ 11,207,546</b>	<b>\$ 1,521,650</b>	<b>\$ 1,521,650</b>	<b>\$ 10,514,787</b>	<b>\$ 7,256,713</b>

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

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Ottawa 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, 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.

During the fiscal year ended June 30, 2019, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

County General Fund – accounts for the general operations of the government with revenues from ad valorem taxes, officer's fees, sales tax, interest earnings, and miscellaneous collections of the County.

County Health – accounts for ad valorem taxes, miscellaneous fees charged by the County Health Department, and state and federal funds. Disbursements are from the operation of the County Health Department.

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Bureau of Indian Affairs (BIA) Stateline Road – accounts for monies received from the federal government for construction and improvement of roads and bridges within the County as restricted by the grant agreements.

Bureau of Indian Affairs (BIA) Cayuga – accounts for monies received from the federal government for construction and improvement of roads and bridges within the County as restricted by the grant agreements.

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

Roads and Bridges - ST – accounts for the collection of sales tax revenue and the disbursement of funds are for the construction of county roads and bridges as restricted by the sales tax ballot.

County Building - ST – accounts for the collection of sales tax revenue and the disbursement of funds are for the County Courthouse facilities and to pay the principal and interest on indebtedness on behalf of the County by the Ottawa County Governmental Building Authority as restricted by the sales tax ballot.

MIDA Rawlins Sinking – accounts for revenues from ad valorem taxes collected for the payment of principal and interest on bonds and judgments against the County. The County paid off the outstanding debt in fiscal year 2017 and held all fiscal year 2019 collections in the fund.

Rural Fire – ST – accounts for the collection of sales tax revenue and disbursement of funds are for the purchase of equipment, general operation, maintenance, training, and the construction of new fire department buildings or improvements to existing fire department buildings as restricted by the sales tax ballot.

Sheriff Board of Prisoners – accounts for revenues from fees charged for boarding prisoners of non-county entities in the county jail. Disbursements are for feeding and housing inmates of the county jail as restricted by statute.

County Bridge and Road Improvement – accounts for state money received for construction and/or improvement of bridges within the County.

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

Local Emergency Planning Committee – accounts for the receipt of funds from state and local governments and disbursed as restricted by the grant agreements.

Emergency Management Performance Grant – accounts for the receipt of federal funds to be disbursed as restricted by the grant agreements.

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as: process fees, courthouse security fees, contracts for housing and feeding prisoners, and disbursements as restricted by state statute.

Sheriff Bond Fee – accounts for revenues from a fee charged to all persons who post a surety bond and are subsequently incarcerated. Disbursements are for any legal expense of the jail.

Sheriff Commissary – accounts for monies received from commissary sales in the county jail. Disbursements are for jail operations as defined by state statute.

Sheriff Reserves – accounts for revenues from donations provided to the Sheriff’s Office and disbursed for the purpose designated at the time of the donation.

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

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

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

Reward Fund – accounts for the revenue received from the Court Clerk for littering fines. Disbursement of funds as restricted by Title 22 O.S. § 1334.

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

Safe Room Grant – accounts for federal grant revenues and disbursements for the Safe Room Reimbursement Grant.

Sheriff Forfeiture – accounts for revenue from distribution made by the District Attorney after settlement of forfeiture cases. Disbursements are for the maintenance and operations of the Sheriff’s Drug Task Force.

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

K9 – accounts for donations received through the Board of County Commissioners and disbursed for the purpose designated at the time of the donation.

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

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Convenience Center Fund – accounts for receipt and disbursement of funds received from the state and donations for the convenience center project.

**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 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

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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.

**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

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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 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**

On September 15, 1992, Ottawa County voters approved a permanent one-half cent county sales tax effective November 1, 1992. The purpose of the tax is for the construction, maintenance, and operation of a modern jail facility and operation of the Ottawa County Sheriff's Department. These funds are accounted for in the County General Fund.

On November 3, 1998, Ottawa County voters approved a permanent one-half cent sales tax effective January 1, 1999, for the construction, operation, and maintenance of the county road and bridge system of Ottawa County, Oklahoma. These funds are accounted for in the Roads and Bridges - ST fund.

On November 18, 2003, Ottawa County voters approved a one-tenth of one percent (1/10 of 1%) county sales tax in perpetuity and effective on or after April 1, 2004, which is to be used to fund the fire departments in Ottawa County, for purposes including, but not limited to equipment, general operations, maintenance, training, and the construction of new fire department buildings or

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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improvements to existing fire department buildings. These funds are accounted for in the Rural Fire - ST fund.

On December 13, 2005, Ottawa County voters approved a one-fourth of one percent (1/4 of 1%) county sales tax for the sole purpose to pay for acquiring, constructing, equipping, repairing, renovating, operating, and maintaining county courthouse facilities for Ottawa County, Oklahoma, and to pay the principal and interest on indebtedness incurred on behalf of the County by the Ottawa County Governmental Building Authority for such purposes. The effective date of this tax is April 1, 2006, and shall expire and cease to be collected when sufficient funds have been collected from said levy to retire such indebtedness or on April 1, 2036, whichever shall occur earlier. These funds are accounted for in the County Building – ST fund.

**E. Interfund Transfers**

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

- \$750,000 was transferred from the County Bridge and Road Improvement fund to the County General Fund to meet the requirements of appropriation in accordance with 68 O.S. § 3021.
- \$750,000 was transferred from the County General Fund to the County Bridge and Road Improvement fund for the repayment of a loan in accordance with 68 O.S. § 3021.
- \$16,113 was transferred from the Bureau of Indian Affairs (BIA) Stateline Road fund to the Bureau of Indian Affairs (BIA) Cayuga fund to correct a prior year apportionment error.
- \$3,774 was transferred from the County General Fund to the Sheriff Service Fee fund to meet the requirements of appropriation in accordance with 68 O.S. § 3021.
- \$461 was transferred from the K9 fund to the County Donations fund by BOCC approved transfer resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.
- \$1,302 was transferred from the Animal Control Unit fund to the County Donations fund by BOCC approved transfer resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.

**F. Special Items**

**Investigative Audit**

The State Auditor and Inspector's Office conducted a special investigative audit of the Ottawa County Sheriff's Office for the period of July 1, 2016, through June 30, 2019. It was noted that the overall fiscal management of the Sheriff's Department contributed to the need for supplemental appropriations over a 3-year period of almost \$435,000. These findings will not have a material effect on the basic financial statement as of and for the year ending June 30, 2019.

**SUPPLEMENTARY INFORMATION**

**OTTAWA COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 45,000	\$ 44,968	\$ 32
County Sheriff	1,704,345	1,700,919	3,426
County Treasurer	173,132	173,057	75
County Commissioners	215,662	212,372	3,290
County Commissioners O.S.U. Extension	101,170	95,353	5,817
County Clerk	347,328	347,087	241
Court Clerk	382,672	380,208	2,464
County Assessor	79,020	78,317	703
Revaluation of Real Property	219,280	219,232	48
General Government	948,349	320,672	627,677
Excise - Equalization Board	1,946	1,938	8
County Election Expense	159,430	149,037	10,393
Emergency Management	79,564	77,305	2,259
County Audit Budget Account	42,211	18,996	23,215
County Cemetery Account	400	-	400
Free Fair Budget Account	9,500	9,365	135
Total Expenditures, Budgetary Basis	\$ 4,509,009	\$ 3,828,826	\$ 680,183

**OTTAWA COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 491,181	\$ 338,643	\$ 152,538
Total Expenditures, Budgetary Basis	\$ 491,181	\$ 338,643	\$ 152,538

**OTTAWA COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present 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**

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Transfer To Bureau of Indian Affairs			
Direct Grant			
Highway Planning and Construction	20.205	A13AC00042-Cayuga Road	\$ 74,518
Highway Planning and Construction	20.205	A16AC00032-Stateline Road	1,064,286
Total U.S. Department of Transportation			<u>1,138,804</u>
<b>U.S. Environmental Protection Agency</b>			
Passed Through the Oklahoma State Department of Health:			
Superfund State, Political Subdivision, and Indian Tribe			
Site-Specific Cooperative Agreements	66.802	Tar Creek	14,595
Total U.S. Environmental Protection Agency			<u>14,595</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Hazard Mitigation Grant	97.039	HM-4222	934
Emergency Management Performance Grants	97.042	EMPG 18, EMPG 19	14,411
Total U.S. Department of Homeland Security			<u>15,345</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,168,744</u>

**OTTAWA COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Basis of Presentation

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

Ottawa 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  
OTTAWA 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 Ottawa County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise Ottawa County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 22, 2022.

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, 2019, 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 Ottawa 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 Ottawa County's internal control. Accordingly, we do not express an opinion on the effectiveness of Ottawa County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2019-001, 2019-012, and 2019-013.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2019-006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ottawa County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-013.

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

### **Ottawa County's Response to Findings**

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

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 22, 2022



**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  
OTTAWA COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Ottawa County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Ottawa County's major federal program for the year ended June 30, 2019. Ottawa County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Basis for Qualified Opinion on 20.205 Highway Planning and Construction**

As described in Finding 2019-022 in the accompanying schedule of findings and questioned costs, Ottawa County did not comply with requirements regarding the following:

<b>Finding #</b>	<b>Assistance Listing</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2019-022	20.205	Highway Planning and Construction	Activities Allowed or Unallowed; Allowable Costs/Cost Principles

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

### **Qualified Opinion on 20.205 Highway Planning and Construction**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Ottawa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on **20.205 Highway Planning and Construction** for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of Ottawa 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 Ottawa 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 Ottawa 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 2019-020, 2019-021, and 2019-022, that we consider to be material weaknesses.

### **Ottawa County’s Response to Findings**

Ottawa 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. Ottawa County’s response was

not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 22, 2022

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**SECTION 1—Summary of Auditor’s Results**

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? ..... Yes

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

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

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

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**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 2019-001 – Lack of County-Wide Controls and Disaster Recovery Plans (Repeat Finding – 2007-003, 2008-003, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001)**

**Condition:** When assessing the county-wide internal controls, the following weaknesses were noted:

- County-wide internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.
- The Commissioners, County Assessor, Court Clerk, and County Sheriff have not yet designed a Disaster Recovery Plan over information systems operating within each office.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address county-wide internal controls and to ensure all county offices have a Disaster Recovery Plan.

**Effect of Condition:** Without an adequate system of county-wide controls, there is a greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds. Further, the lack of a Disaster Recovery Plan could also result in the loss of data, the unreliability of data and increase the risk that the County may not recover from an emergency and/or disaster in a timely manner.

**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 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.

OSAI further recommends all officials have a formal Disaster Recovery Plan for their office in order to maintain operations in the event of a disaster.

**Management Response:**

**District 1 County Commissioner:** Although I was only in office during half of the fiscal year, I will work with the other elected officials to implement quarterly meetings to address county-wide internal controls over Control Environment, Risk Assessment, Information and Communication, and Monitoring. Additionally, the county is working to ensure that all county offices have created and implemented a Disaster Recovery Plan.

**District 2 County Commissioner:** I was not in office during this fiscal year; however, I will work with the other elected officials to implement policy and procedures to address county-wide internal controls over Control Environment, Risk Assessment, Information and Communication, and Monitoring. Additionally,

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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the county is working to ensure that all county offices have created and implemented a Disaster Recovery Plan.

**District 3 County Commissioner:** I will work with the other elected officials to implement quarterly meetings to address county-wide internal controls over Control Environment, Risk Assessment, Information and Communication, and Monitoring. Furthermore, the County is working to ensure that all county offices have created and implemented a Disaster Recovery Plan.

**County Assessor:** My office now has a Disaster Recovery Plan.

**Court Clerk:** I am in the process of developing a Disaster Recovery Plan for my office.

**County Sheriff:** I was not in office during this time. This administration is attempting to put a Disaster Recovery Plan together.

**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.

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.

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Further, an important aspect of internal controls is the safeguarding of assets which includes adequate Disaster Recovery Plans. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention in a county being unable to function in the event of a disaster.

According to the standards of the Information Systems Audit and Control Association (Cobit Delivery and Support 4), information services function management should ensure that a written Disaster Recovery Plan is documented and contains guidelines and instructions for the County to follow in the event of a disaster.

**Finding 2019-006 – Lack of Internal Controls Over the Financial Statement and Notes to the Financial Statement (Repeat Finding – 2016-006, 2017-006, 2018-006)**

**Condition:** The County is responsible for preparing their annual financial statement, notes to the financial statement, and supplemental information. However, there is no indication the fiscal year 2019 the financial statement, notes to the financial statement, and supplemental information are prepared timely, reviewed, and approved by County officials prior to being submitted to OSAI.

**Cause of Condition** Policies and procedures have not been designed and implemented to ensure the County's financial statement, notes to the financial statement, and supplemental information are prepared in a timely manner and accurately presented.

**Effect of Condition:** This condition could result in the County's financial statement, notes to the financial statement, and supplemental information being materially misstated.

**Recommendation:** OSAI recommends the County design and implement policies and procedures to ensure the financial statement, notes to the financial statement, and supplemental information are prepared in a timely manner, reviewed for accuracy and completeness, and approved by management.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will work with other elected officials to design and implement policies and procedures to ensure financial statement, notes to the financial statement, and supplemental information are error free and are presented in a timely manner.

**County Clerk:** We will work to implement policies and procedures to ensure the financial statement, notes to the financial statement, and supplemental information are free from error and are timely presented.

**County Treasurer:** The County Treasurer is now reviewing the financial statement, notes to the financial statement, and supplemental information, which is being prepared by another company, to ensure the report is free from error and are timely presented.

**Criteria:** The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: "The concept of an independent audit requires that the auditor's role does not involve assuming management's

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

The County’s management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. This includes preparation of the financial statements and accompanying notes to the financial statements in accordance with applicable accounting principles. Statement on Auditing Standards (SAS) No. 115 indicates that the County must have adequate knowledge and expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards preclude the external financial statement auditor from performing any part of management’s control activities or be a component of the internal controls over financial reporting as this would impair their independence.

The County is required to present a financial statement for each fiscal year ended June 30. Title 19 O.S. § 171 states in part, "Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting."

The GAO Standards – Principle 13 – Use Quality Information states:

*Data Processed into Quality Information*

13.05 - Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions, when necessary, so that the information is quality information.

13.06 - Management processes relevant data from reliable sources into quality information within the entity’s information system. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information. Management uses the quality information to make informed decisions and evaluate the entity’s performance in achieving key objectives and addressing risks.

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Finding 2019-012 – Lack of Internal Controls Over the Reconciliation of the Appropriation Ledger to the General Ledger (Repeat Finding – 2007-002, 2008-002, 2013-004, 2014-004, 2016-009, 2017-009, 2018-012)**

**Condition:** The County Clerk did 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 is performed on a monthly basis for all funds.

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

**Recommendation:** OSAI recommends the County Clerk reconciles the appropriation ledger to the County Treasurer’s general ledger on a monthly basis. The reconciliation should be reviewed and approved by someone other than the preparer. All documentation to support the performance and review and approval of the reconciliation should be retained.

**Management Response:**

**County Clerk:** We now reconcile the appropriation ledger to the general ledger on a monthly basis.

**Criteria:** 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.

**Finding 2019-013 – Lack of Internal Controls and Noncompliance Over Disbursement Process (Repeat Finding – 2018-013)**

**Condition:** Upon inquiry of County personnel and observation of the County’s disbursement process, we noted the following:

A sample of fifty-seven (57) out of six thousand fifty-eight (6,058) disbursements reflected the following:

- Three (3) disbursements totaling \$6,851 were not supported by adequate documentation – timesheets were not available.
- One (1) disbursement totaling \$40,072 was not charged to the proper period.
- Eight (8) disbursements totaling \$767,975 were not encumbered prior to receiving goods or services.

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Cause of Condition:** Policies and procedures have not been fully implemented with regard to the disbursement process 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 reports, undetected errors, misappropriation of funds, and a financial burden on the County.

**Recommendation:** OSAI recommends that the County adhere to state purchasing guidelines to ensure encumbrances are made before goods and services are ordered and to ensure availability of funds. Additionally, OSAI recommends goods or services be paid from funds designated for use during the fiscal year in which the goods or services are obtained and purchase orders are supported by adequate documentation.

**Management Response:**

**District 1 County Commissioner:** I was not in office at the first half of the fiscal year; however, I was in office the last half of the fiscal year. I will work with other elected officials to ensure a purchase order is encumbered prior to receipt of goods and services.

**District 2 County Commissioner:** I was not in office at the time; however, I will work with the other elected officials to ensure that we are in compliance with state statutes that govern the disbursement process.

**District 3 County Commissioner/Chairman of the Board of County Commissioners:** I will work with other elected officials to ensure funds are encumbered before goods and services are ordered and that funds are available. Also, the Board of County Commissioners will ensure there is adequate documentation to support the amount of the purchase order and expenditures are paid for from funds designated for use during the fiscal year in which the goods or services are obtained

**County Clerk:** We will work to adhere to state purchasing guidelines to ensure encumbrances are made before good and services are ordered; to ensure availability of funds. We will also work to ensure goods and services are paid from funds designated for use during the fiscal year they are obtained and that encumbrances are supported by adequate documentation.

**County Sheriff:** I was not in office during this time. This administration is not obtaining any goods or services without first obtaining a purchase order from the County Clerk's office.

**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.

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

Title 62 O.S. § 310.4 states in part, “All unencumbered balances, if any, ... on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next ... Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year.”

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

**Finding 2019-020 – Lack of County-Wide Controls Over Major Federal Program – Highway Planning and Construction (Repeat Finding – 2017-020)**

**FEDERAL AGENCY:** U.S. Department of Transportation

**ASSISTANCE LISTING:** 20.205

**FEDERAL PROGRAM NAME:** Highway Planning and Construction

**FEDERAL AWARD NUMBER:** BIA – A13AC00042 and A16AC00032

**FEDERAL AWARD YEAR:** 2017

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance; Procurement and Suspension and Debarment; 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 internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed and implemented.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County is in compliance with grant 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 unrecorded transactions, undetected errors, misappropriation of funds, and noncompliance with grant requirements.

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

**Management Response:**

**District 1 County Commissioner:** I will work with other officials to implement a system of internal controls to ensure compliance with grant requirements.

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**District 2 County Commissioner:** I was not in office at the time of these findings; however, I will work with other elected officials to implement a system of internal controls to ensure compliance with federal grant requirements.

**District 3 County Commissioner:** The County will work to design and implement a system of internal controls to ensure compliance with all applicable grant requirements

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2019-021 – Lack of Internal Controls Over Major Federal Program – Highway Planning and Construction (Repeat Finding – 2017-024)**

**FEDERAL AGENCY:** U.S. Department of Transportation

**ASSISTANCE LISTING:** 20.205

**FEDERAL PROGRAM NAME:** Highway Planning and Construction

**FEDERAL AWARD NUMBER:** BIA – A13AC00042 and A16AC00032

**FEDERAL AWARD YEAR:** 2017

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance; Procurement and Suspension and Debarment; Special Tests and Provisions.

**QUESTIONED COSTS:** \$-0-

**OTTAWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Condition:** During the process of documenting the County’s internal controls regarding federal disbursements, we noted that Ottawa County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance; Procurement and Suspension and Debarment; Special Tests and Provisions.

**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:** This condition could result in noncompliance with grant requirements and could lead to the loss of federal funds to the County.

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

**Management Response:**

**District 1 County Commissioner:** I will work with other elected officials to gain an understanding of grant program requirements and to implement control procedures to ensure compliance with all requirements.

**District 2 County Commissioner:** I was not in office during this fiscal year; however, I will work with other elected officials to implement a system of internal controls to ensure compliance with federal grant requirements.

**District 3 County Commissioner:** The County will work to design and implement a system of internal controls to ensure compliance with all applicable grant requirements

**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).

2 CFR § 213 states, “Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.”

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Additionally, 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 2019-022 – Noncompliance with Compliance Requirements: A – Activities Allowed or Unallowed and B – Allowable Costs/Costs Principles – Highway Planning and Construction**

**FEDERAL AGENCY:** U.S. Department of Transportation

**ASSISTANCE LISTING:** 20.205

**FEDERAL PROGRAM NAME:** Highway Planning and Construction

**FEDERAL AWARD NUMBER:** BIA – A13AC00042 and A16AC00032

**FEDERAL AWARD YEAR:** 2017

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Costs Principles

**QUESTIONED COSTS:** \$162,498

**Condition:** Upon inquiry, review, and testwork of thirty-eight (38) or 100% of major program expenditures, the following weaknesses were noted:

- One (1) invoice totaling \$150,910 could not be located.
- Five (5) right-of-way acquisitions totaling \$11,588 were not supported by adequate documentation.

**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:** This condition resulted in noncompliance with federal grant requirements and could lead to the loss of federal funds to the County.

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

**Management Response:**

**District 1 County Commissioner:** I will work with other elected officials to gain an understanding of grant program requirements and to implement internal control procedures to ensure compliance with all requirements.

**District 2 County Commissioner:** I was not in office at this time; however, I will work with the other elected officials to gain an understanding of requirements for this federal program and to implement internal control procedures to ensure the county is in compliance with all requirements.

**OTTAWA COUNTY, OKLAHOMA  
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**District 3 County Commissioner:** The County will work to design and implement a system to establish and maintain effective internal control over federal awarded funds. This includes compliance with federal statutes, regulations and terms and conditions of the federal award to meet requirements for this program.

**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).

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 cost, 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.

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

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.

Additionally, 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.

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**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 2019-016 – Lack of Internal Controls and Noncompliance Over Cash Bonds (Repeat Finding)**

**Condition:** Upon inquiry, observation of procedures and records, and testwork performed, OSAI noted the Sheriff’s office did not remit all cash bonds to the Court Clerk’s office.

Of the twelve (12) cash bonds tested:

- One (1) cash bond totaling \$405 could not be located.

Additionally, when comparing the dates noted on the Sheriff’s Cash Bond receipt book to the deposit date on the Sheriff’s Cash Bond Official Depository Ledger, we determined the Sheriff is not making daily deposits.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure cash bonds are properly accounted for and safeguarded.

**Effect of Condition:** These conditions resulted in noncompliance with state statute, inaccurate and incomplete records, and could result in a misappropriation of funds.

**Recommendation:** OSAI recommends the County Sheriff design and implement policies and procedures to ensure all cash bonds are receipted, deposited, and remitted to the Court Clerk’s office in a timely manner. OSAI also recommends that all monies received under the color of the office be deposited on a daily basis as required by Title 19 O.S. § 682.

**Management Response:**

**County Sheriff:** I was not in office during this time. Currently, any cash bonds or money orders for bonds are being taken to the County Treasurer’s office on a daily basis, if there are funds to take over. If cash or money orders come in over the weekend, they are taken to the Treasurer’s office on Monday. Our office will then write a check to the Court Clerk’s office for district charges or to any municipality the bonds need to go to.

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

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final

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classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Additionally, 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.

Title 19 O.S. § 682 states in part, “...It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...”

**Finding 2019-018 – Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary (Repeat Finding)**

**Condition:** Upon inquiry and observation of the Inmate Trust Fund Checking Account and Sheriff Commissary fund, the following exceptions were noted:

Inmate Trust Fund Checking Account:

- One employee is responsible for accessing and balancing lockbox and Kiosk collections, reconciling collections from the front window or mail to receipts issued, accessing the safe the daily collections are maintained in, preparing and reconciling weekly deposit ticket, updating inmates’ account balances with credits and deductions, and issuing checks from the Inmate Trust Fund Checking Account.
- Bank reconciliations were not performed on the Inmate Trust Fund Checking Account in fiscal year 2019.
- There is no oversight over the Inmate Trust Fund Checking Account bookkeeping processes to ensure completeness and accuracy.
- Collections are not deposited in the bank on a daily basis.
- The County Sheriff cannot determine who has the combination to the safe; therefore, there are no controls in place to ensure access to the safe, where collections are held, is restricted.
- Policies and procedures have not been designed to track unclaimed funds.
- Expenditures are made from the Inmate Trust Fund Checking Account for purposes other than what is statutorily allowed.

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**Sheriff Commissary Fund:**

- All collections from the inmates for commissary purchases made by the inmate during his or her incarceration are not deposited into the Sheriff Commissary fund as required by state statute.
- Inmate telephone commissions were being deposited into the Sheriff Commissary fund instead of the Sheriff Service Fee fund.
- The County Sheriff's office does not file an annual report for the Sheriff Commissary with the Board of County Commissioners by January 15th of each year.

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account and the 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 that management be aware of these conditions 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 risks 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 approval of accounting functions. OSAI further recommends the County Sheriff implement procedures to ensure:

- Bank reconciliations are performed on a monthly basis and denotes proof of review and approval by someone other than the preparer.
- The individual inmates' trust fund balances are reconciled to the bank statements each month.
- Daily collections are deposited into the Inmate Trust Fund Checking Account on a daily basis.
- All collections are maintained in a secure location with limited access.
- Unclaimed funds are tracked.
- Expenditures are made from the Inmate Trust Fund Checking Account in accordance with 19 O.S. § 531 (A).
- Collections from the inmates for commissary purchases and telephone usage are deposited in accordance with 19 O.S. § 180.43 (E) and 19 O.S. § 531 (A).
- The County Sheriff files a report of the commissary with the County Commissioners by January 15th of each year in accordance with 19 O.S. § 180.43 (D).

**Management Response:**

**County Sheriff:** I was not in office during this fiscal year. We have implemented the following to correct issued noted:

- We use a different Inmate Trust Commissary vendor for the inmate trust fund and commissary accounts than the prior administration. One employee takes the money out of both lockboxes and works with another employee to match the funds with the receipts from the lockboxes and reconcile with the vendor reports.

**OTTAWA COUNTY, OKLAHOMA  
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- We no longer accept money from the front window or through the mail.
- When inmates are released, they are issued a debit card and not a check. The only time a check is written is when an inmate is transferred to a prison due to the prison not accepting debit cards.
- Deposits are now made on a daily basis unless it is after banking hours, in those cases the funds are locked in a safe, located in the office manager's office, which is also locked after hours, and taken to the bank the next business day.
- The safe combination is known by office employees only.
- Bank reconciliations are now being done every month and are signed by the preparer and then reviewed, approved, and signed by someone other than the preparer.
- Unclaimed funds are maintained in the Inmate Trust Fund Checking Account and can be tracked in the Inmate Trust Commissary vendor's system.
- All funds received from commissary purchases are now deposited into the Sheriff Commissary fund.

Additionally, until informed by OSAI, I was unaware that state statute required inmate telephone commissions to be deposited into the Sheriff Service Fee fund. Since becoming aware of this requirement, we will ensure these funds are deposited into the Sheriff Service Fee fund according to statute.

Furthermore, this administration is going to attempt to file a report of the commissary with the County Commissioners on a yearly basis.

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

*Physical control over vulnerable assets*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

*Establishment and review of performance measures and indicators*

Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.

*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.

**OTTAWA COUNTY, OKLAHOMA  
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*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

*Access restrictions to and accountability for resources and records*

Management limits access to resources and records to authorized individuals and assigns and maintains accountability for their custody and use. Management may periodically compare resources with the recorded accountability to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.

Additionally, 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.

Furthermore, 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.

Title 19 O.S. § 180.43(D) requires that an annual report of the Sheriff’s Commissary be submitted to the Board of County Commissioners by January 15 of each year.

Title 19 O.S. § 180.43(E) states in part, “Each county sheriff may operate, or contract the operation of, a telephone system...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 Service Fee Account.”

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

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Title 22 O.S. § 1325(F, H) provides guidance for the handling of unclaimed property or money in the County Sheriff's possession.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**



OFFICE OF

# Ottawa County Commissioners

COURT HOUSE — MIAMI, OKLAHOMA  
(918) 542-9408

## Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2019

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Lack of County-Wide Controls and Disaster Recovery Plans	The elected officials will work to implement quarterly meetings to address county-wide internal controls over Risk Assessment, Information and Communication, and Monitoring. Furthermore, the County is working to ensure that all county offices have created and implemented a Disaster Recovery Plan.	12-31-22	Russell Earls – Chairman
2019-006	Lack of Internal Controls over Financial Statement and Notes to the Financial Statement	The BOCC is working to implement policies and procedures to ensure the accurate and timely reporting of the County's financial statements, notes to financial statements, and supplemental information.	12-31-22	Russell Earls – Chairman
2019-012	Lack of Internal Controls Over the Reconciliation of the Appropriation Ledger to the General Ledger	The appropriation ledger is now reconciled to the general ledger monthly.	7/1/2018	Robyn Mitchell – County Clerk
2019-013	Lack of Internal Controls and Noncompliance Over Disbursement Process	The importance to comply with the state statutes that govern the disbursement process will be conveyed to all elected officials. Emphasis will be placed on encumbering before goods and services are ordered, providing adequate documentation to support the amount of the purchase order, and paying for expenditures from funds designated for use during the fiscal year in which the goods or services are obtained.	12/31/22	Russell Earls – Chairman

2019-020	20.205 Highway Planning and Construction	The County will work to design and implement a system of internal controls to ensure compliance with all applicable grant requirements.	12/31/22	Russell Earls – Chairman
2019-021	20.205 Highway Planning and Construction	The County will work to design and implement a system of internal controls to ensure compliance with all applicable grant requirements.	12/31/22	Russell Earls – Chairman
2019-022	20.205 Highway Planning and Construction	The County will work to design and implement a system to establish and maintain effective internal control over federal awarded funds. This includes compliance with federal statues, regulations, and terms and conditions of the federal award to meet requirements for this program.	12/31/22	Russell Earls – Chairman

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**



OFFICE OF

# Ottawa County Commissioners

COURT HOUSE — MIAMI, OKLAHOMA  
(918) 542-9408

## Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2019

### FINANCIAL AUDIT FINDINGS

**Finding 2007-003, 2008-003, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001**

**Inadequate County-Wide Controls**

**Finding Summary:** County-wide controls regarding Risk Management and Monitoring have not been designed.  
**Status:** Not Corrected.

**Finding 2016-006, 2017-006, 2018-006**

**Inadequate Internal Controls Over the Financial Statement, Notes to the Financial Statement, Supplemental Information, and Underlying Financial Records**

**Finding Summary:** There is no indication the financial statement, notes to the financial statements, and supplemental information are reviewed for accuracy. The financial statements were materially misstated.  
**Status:** Not Corrected.

**Finding 2007-002, 2008-002, 2013-004, 2014-004, 2016-009, 2017-009, 2018-012**

**Inadequate Internal Controls Over the Reconciliation of the Appropriation Ledger to the General Ledger**

**Finding Summary:** The County Clerk's appropriation ledger is not reconciled to the County Treasurer's general ledger on a monthly basis.

**Status:** Not corrected.

**Finding 2017-020**

**Inadequate County-Wide Controls Over Major Federal Program – Highway Planning and Construction**

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

**Status:** Not corrected.

**Finding 2017-024**

**Inadequate Internal Controls Over Major Federal Program– Highway Planning and Construction Finding**

**Summary:** Ottawa County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Period of Performance; Procurement and Suspension and Debarment; Special Tests and Provisions.

**Status:** Not corrected.

## FEDERAL AUDIT FINDINGS

### **Finding 2013-006, 2014-005, 2015-004, 2016-013**

#### **Inadequate Internal Controls Over 911 Fee Collections**

**Finding Summary:** the Ottawa County Board of County Commissioners was the certified eligible governing body to receive the E-911 funds. The Oklahoma Tax Commission (OTC) remitted \$21,634.74 to the Ottawa County Treasurer; however, the County Treasurer did not receive these funds as OTC had been notified to remit the funds to “the Authority’s” bank account named “Ottawa County Treasurer, E-911 Trust, ATTN: Reba Sill” (trust account).

**Status:** Fully Corrected. In November 2016, legislation changed making the Public Safety Answering Points (PSAP) the designated “receiver” of the E-911 funds. In June 2017 the Miami Police Department was recorded as the PSAP and they (Miami PD) had assigned the fees to be remitted to the Ottawa County E-911 Governing Authority through the required and completed paperwork.

### **Finding 2007-005, 2008-005, 2013-007, 2014-006**

#### **Accounts Excluded from the General Ledger**

**Finding Summary:** Two bank accounts (Tulsa Teacher’s Credit Union and EFTPS) were not recorded on the County Treasurer’s General Ledger and were not receiving monthly bank reconciliations. Additionally, the NADING official depository investment was closed, but was still listed on the general ledger, causing the general ledger to be overstated by \$18,944.39.

**Status:** Fully Corrected. All bank accounts under the County’s EIN number are accounted for on the County Treasurer’s General Ledger and all bank accounts are being reconciled on a monthly basis.

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



**Cindy Byrd, CPA | State Auditor & Inspector**

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