



POTTAWATOMIE COUNTY

Financial Report with Single Audit

For the fiscal year ended June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**POTTAWATOMIE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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February 6, 2025

TO THE CITIZENS OF
POTTAWATOMIE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Pottawatomie County, Oklahoma for the fiscal year ended June 30, 2023. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**POTTAWATOMIE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Board of County Commissioners

District 1 – Melissa Dennis
District 2 – Greg Rush
District 3 – Abby Thompson

County Assessor

Leona Satterfield

County Clerk

Raeshel Flewallen

County Sheriff

Michael D. Booth

County Treasurer

Buddy Anderson

Court Clerk

Valerie Ueltzen

District Attorney

Adam Panter

**POTTAWATOMIE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
POTTAWATOMIE COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Pottawatomie County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Pottawatomie County, as of and for the year ended June 30, 2023, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Pottawatomie County as of June 30, 2023, or changes in financial position for the year then ended.

Basis for Opinions

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

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

As described in Note 1, the financial statement is prepared by Pottawatomie County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pottawatomie County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pottawatomie County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, on our consideration of Pottawatomie 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 Pottawatomie County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 27, 2025

REGULATORY BASIS FINANCIAL STATEMENT

POTTAWATOMIE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Beginning Cash Balances July 1, 2022	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2023
County Funds:						
County General	\$ 2,501,967	\$ 5,858,193	\$ 544	\$ -	\$ 5,915,175	\$ 2,445,529
County Highway Unrestricted	1,816,343	4,528,424	-	-	4,146,823	2,197,944
Health	1,808,712	1,328,306	-	-	1,286,650	1,850,368
Resale Property	712,607	528,257	-	-	420,943	819,921
Sheriff Service Fee	81,206	236,968	-	-	191,207	126,967
Road and Bridges-ST	5,967,669	7,205,263	-	-	5,670,324	7,502,608
Rural Fire-ST	2,198,156	796,583	-	-	409,550	2,585,189
Emergency Management-ST	855,405	451,146	-	-	440,912	865,639
Economic Development-ST	945,555	228,073	-	-	127,660	1,045,968
Extension-ST	864,797	301,854	-	-	184,838	981,813
Soil Conservation -ST	94,125	103,982	-	-	122,762	75,345
Fair Maintenance-ST	178,586	106,111	-	-	98,193	186,504
Senior Citizens-ST	514,577	217,423	-	-	183,089	548,911
School-ST	8,875,493	5,204,795	-	-	3,947,343	10,132,945
Jail-ST	168,263	2,044,912	-	-	1,886,306	326,869
Use Tax-ST	10,937,190	3,035,490	-	-	4,817,178	9,155,502
County Sinking	46,764	-	-	-	-	46,764
County Bridge and Road Improvement	1,135,460	765,717	-	-	21,136	1,880,041
Rental of County Property	1,985,719	738,140	-	-	5,003	2,718,856
Assessor Revolving Fee	11,719	1,896	-	-	2,858	10,757
County Clerk Lien Fee	389,000	99,907	-	-	90,010	398,897
Treasurer Mortgage Certification	28,972	13,620	-	-	18,629	23,963
Child Abuse Prevention	18,577	1,125	-	-	-	19,702
County Clerk Records Management and						
Preservation Fund	545,176	173,599	-	-	72,061	646,714
911 Phone Fees	87,676	471,091	-	-	428,051	130,716
Reward Fund	5,890	-	-	-	-	5,890
S.T.O.P. VAWA (Services - Training Officers-						
Prosecutors) Violence Against Women	6,388	40,988	-	-	40,722	6,654
DA Justice Center	254,259	56,985	-	-	297	310,947
Court Clerk Payroll	6,311	240,812	-	-	236,604	10,519
Flood Plain	293	-	-	-	-	293
National Association of County and						
City Health Officials	5,452	-	-	-	-	5,452
County Donations	712,718	220,202	-	-	69,385	863,535
VOCA	2,962	35,127	-	-	32,601	5,488
COVID Aid and Relief	894,026	-	-	-	528,622	365,404
American Rescue Plan Act 2021	6,979,040	7,309,436	-	-	4,513,755	9,774,721
Emergency Management	3,696	31,872	-	-	527	35,041
Safe Oklahoma - AG	-	10,800	-	-	480	10,320
Opioid Abatement Settlement	-	110,741	-	-	-	110,741
LATCF	-	50,763	-	-	-	50,763
Total - All County Funds	\$ 51,640,749	\$ 42,548,601	\$ 544	\$ -	\$ 35,909,694	\$ 58,280,200

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

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Pottawatomie 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 libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

County General – accounts for revenue derived mostly from ad valorem tax as directed by Oklahoma Constitution and state statutes. Other revenues include fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts of revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

Health – accounts for ad valorem tax levy for the purpose of aiding or maintaining a county department of health.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Roads and Bridges-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Rural Fire-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Emergency Management-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Economic Development-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Extension-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Soil Conservation-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Fair Maintenance-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Senior Citizens-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

School-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Jail-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Use Tax-ST – accounts for the collection of county sales tax, use tax revenue and excise tax levied on the storage, use or other consumption of tangible personal property used, stored, or consumed within the County. The purpose of the use tax is designated by the Board of County Commissioners.

County Sinking Fund – accounts for the debt service collections derived generally from a special ad valorem tax levy and interest earned on investments.

County Road and Bridge Improvement – accounts for collections from fuel and gas taxes collected by Oklahoma Tax Commission and disbursements are for the purpose of constructing and maintaining county bridges and roads.

Rental of County Property – accounts for the collection from the rental of county properties to be disbursed for the maintenance of county buildings.

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

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended as restricted by state statute.

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the county for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer's office.

Child Abuse Prevention – accounts for monies from donated juror's fees to be disbursed in accordance with state statute.

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed in the County Clerk's office. Expenditures are restricted to activities related to preservation of records in the County Clerk's office.

911 Phone Fees – accounts for fees collected by phone service providers in accordance with state statute to support 911 emergency operations.

Reward fund – accounts for revenue provided by fines assessed upon persons convicted of illegal dumping of trash, debris, waste, or other substances that may cause fire on public or private property. The Board of County Commissioners may use this fund to offer and pay a reward to individuals offering information that leads to an arrest and conviction. The fund may also be used for special enforcement programs related to investigating and/or preventing littering and illegal dumping.

S.T.O.P. VAWA (Services-Training-Officers-Prosecutors) Violence Against Women – accounts for federal grant monies received to be disbursed as restricted by the grant agreement.

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

DA Justice Center – accounts for the collection of sales tax to be disbursed for District Attorney Justice Center.

Court Clerk Payroll – accounts for funds from the Court Fund for compensation of the District Court employees.

Flood Plain – accounts for fees collected from flood plain permits and map charges to offset the costs of floodplain management.

National Association of County and City Health Officials – accounts for the collection of federal grant monies and disbursed as restricted by the grant agreement.

County Donations – accounts for donations to the county from private donors to be disbursed for a specified purpose and approved Board of County Commissioners’ resolution.

VOCA – accounts for federal awards to provide assistance to victims of crime.

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

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

Emergency Management – accounts for revenue from state or federal grants for the purpose of providing the County emergency management services.

Safe Oklahoma – AG – accounts for revenue from state grants for the purpose of providing additional resources to address violent crime in the state.

Opioid Abatement Settlement – accounts for court settlement from class-action lawsuits against opioid manufacturers and distributors. Funding is to be used in accordance with the settlement agreement for opioid abatement.

LATCF – accounts for federal funding for Local Assistance and Tribal Consistency Fund (LATCF) made available through the American Rescue Plan Act of 2021 to be used in the same manner as other locally generated revenue.

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (U.S. GAAP), 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 U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

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

E. Cash and Investments

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

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

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

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 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.

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Sales Tax of August 26, 2008

The voters of Pottawatomie County approved a permanent one percent (1%) sales tax effective July 1, 2013. This sales tax was established to provide revenue for the support of various entities in the following proportion:

- 60% Maintenance, repair, and improvement of County roads and bridges
- 20% Construction, furnishing, operating, and maintaining the Pottawatomie County Public Safety Center jail facility operated by the County Public Safety Center Trust
- 7% Pottawatomie County Fire Departments
- 1.0625% Sheriff's Office Emergency Services
- 1.0625% County Ambulance Service
- 1.0625% County E-911 Service
- 1.0625% Additional County Emergency Services
- 2% Economic Development
- 2.75% OSU Extension Center
- 2% Senior Citizens
- 1% Soil Conservation Service

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- 1% Pottawatomie County Free Fair/Junior Livestock Show

These funds will be accounted for in the following funds: Road and Bridges-ST, Rural Fire-ST, Emergency Management-ST, Economic Development-ST, Extension-ST, Soil Conservation-ST, Fair Maintenance-ST Senior Citizens-ST, and Jail-ST.

Sales Tax of November 10, 2015

The voters of Pottawatomie County approved a .495 cent sales tax effective July 1, 2016, with a duration of ten years. The sales tax was established for the purpose of providing funding for each of the fourteen (14) public school districts in Pottawatomie County and providing funding for a Pottawatomie County One Safe Place Family Justice Center in the following proportion:

- .49 cents for the Pottawatomie County Public School Districts
- .005 Cents for the Pottawatomie County One Safe Place Family Justice Center

The sales tax for the Pottawatomie County Public School Districts is apportioned based on the average daily attendance of each school. These funds are accounted for in the School-ST fund and expended for the following fourteen (14) different school districts: McCloud, Dale, Bethel, Macomb, Earlsboro, North Rock Creek, Grove, Pleasant Grove, South Rock Creek, Tecumseh, Shawnee, Asher, Wanette, Maud. The sales tax for the Pottawatomie County One Safe Place Justice Center is accounted for in the DA Justice Center fund.

E. Interfund Transfers

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

- \$544 was transferred from the Individual Redemption Fund (a trust and agency fund) to the County General fund for the purpose of transferring redemption certificates. These redemptions were prior to 2008 and canceled by statute.

SUPPLEMENTARY INFORMATION

POTTAWATOMIE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 150,884	\$ 29,190	\$ 121,694
County Sheriff	1,884,140	1,627,663	256,477
County Treasurer	266,000	260,582	5,418
County Clerk	400,075	398,602	1,473
County Court Clerk	507,639	507,620	19
County Assessor	417,202	382,478	34,724
Visual Inspection	446,000	408,995	37,005
Juvenile Shelter/Bureau	45,000	24,267	20,733
General Government	2,631,797	1,846,182	785,615
Excise Equalization	5,200	5,150	50
Election Board	302,623	286,277	16,346
Charity	15,000	3,750	11,250
County Audit Budget	161,560	94,976	66,584
Treasurer's School	35,000	34,001	999
Flood Plain	108,696	87,265	21,431
Total Expenditures, Budgetary Basis	<u>\$ 7,376,816</u>	<u>\$ 5,996,998</u>	<u>\$ 1,379,818</u>

POTTAWATOMIE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 2,464,885	\$ 1,355,083	\$ 1,109,802
Total Expenditures, Budgetary Basis	\$ 2,464,885	\$ 1,355,083	\$ 1,109,802

**POTTAWATOMIE COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listings Number	Pass-Through Grantor's Number	Passed to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE				
Passed Through the Oklahoma District Attorneys Council:				
Crime Victim Assistance	16.575	2022-VOCA-CO-010		\$ 32,601
Violence Against Women Formula Grants	16.588	00023		40,722
Total U.S. Department of Justice				<u>73,323</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the Oklahoma Department of Transportation:				
State and Community Highway Safety	20.600	N/A		22,215
Total U.S. Department of Transportation				<u>22,215</u>
U.S. DEPARTMENT OF TREASURY				
Direct Grant:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,050,000	4,513,755
Total U.S. Department of Treasury			<u>2,050,000</u>	<u>4,513,755</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the Oklahoma Department of Emergency Management:				
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4575-DR-OK		17,111
Emergency Management Performance Grants	97.042	DR-2022-EMPG		28,731
Total U.S. Department of Homeland Security				<u>45,842</u>
Total Expenditures of Federal Awards			<u>\$ 2,050,000</u>	<u>\$ 4,655,135</u>

POTTAWATOMIE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Basis of Presentation

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

Pottawatomie 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
POTTAWATOMIE COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Pottawatomie County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Pottawatomie County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 27, 2025.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2023, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Pottawatomie 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 Pottawatomie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pottawatomie 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 responses, 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 responses to be material weaknesses: 2023-001 and 2023-019.

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 responses to be significant deficiencies: 2023-018.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pottawatomie County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-019.

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

Pottawatomie County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pottawatomie County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Pottawatomie County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 27, 2025



**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
POTTAWATOMIE COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pottawatomie County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Pottawatomie County's major federal program for the year ended June 30, 2023. Pottawatomie County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pottawatomie County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pottawatomie County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Pottawatomie County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pottawatomie County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. Those instances of noncompliance related to the following program and compliance requirements:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-012	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2023-013	21.027	Coronavirus State and Local Fiscal Recovery Funds	Reporting

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

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

Report on Internal Control Over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses. Those material weaknesses in internal control over compliance related to the following program and compliance requirements:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-010	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring
2023-011	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring

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

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-012	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2023-013	21.027	Coronavirus State and Local Fiscal Recovery Funds	Reporting

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

Pottawatomie County's Response to Findings

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 27, 2025

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

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

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

Identification of Major Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal
Recovery Fund

Dollar threshold used to distinguish between

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

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

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-001 – Lack of County-Wide Internal Controls and Disaster Recovery Plan (Repeat Finding – 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2018-001, 2019-001, 2020-001, 2021-001, 2022-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Risk Assessment and Monitoring have not been designed. Further we noted the offices of County Commissioner Districts 1, 2, and 3, and the County Sheriff do not have a written Disaster Recovery Plan for their offices.

Cause of Condition: Policies and procedures have not been designed and implemented to address the risks of the County and to ensure that all offices have filed a Disaster Recovery Plan.

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

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

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work to better document our quarterly meetings with all elected officials to discuss and take action regarding risk management and monitoring.

County Commissioner District 1: We are in the process of completing a Disaster Recovery Plan.

County Sheriff: We are in the process of completing a Disaster Recovery Plan.

County Commissioner District 2: I will get a Disaster Recovery Plan together, and file with County Clerk.

County Commissioner District 3: I will prepare a Disaster Recovery Plan and file with the County Clerk.

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

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

Further, according to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support Ds5), 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.

Finding 2023-018 – Lack of Internal Controls and Noncompliance Over County Purchase Card

Condition: Through interview and observation, it was noted the Board of County Commissioners approved the acquisition of Purchase Cards for three employees. Although approved by the Board of County Commissioners, the following was noted:

- The County has not adopted "Purchase Card Policies and Procedures."
- Purchase Card holders have not signed a Purchase Card Employee Agreement.
- Purchase Card holders have not completed required training.

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance with state statute.

Effect of Condition: This condition resulted in noncompliance with state statute which could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends the County implement a system of internal controls over the purchase card process. Such controls should include ensuring that card holders funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1501-1505.

In addition, OSAI recommends the County implement policies and procedures over the purchase card process to ensure compliance with 74 O.S. § 85.2 - 85.5 (B) and (C).

Management Response:

Board of County Commissioners: The Board of County Commissioners will adopt purchase card policies and procedures, further, we will ensure that all employees complete the required documents and training before receiving a purchase card.

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

Appropriate Documentation of Transactions and Internal Control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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.

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

Compliance Objectives

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

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Further, effective internal controls require that management properly implement procedures to ensure purchases comply with 19 O.S. § 1501 – 1505, 74 O.S. § 85.2, and 74 O.S. § 85.5.

Finding 2023-019 – Lack of Internal Controls and Noncompliance Over the Disbursement Process

Condition: Upon inquiry and observation, and testing of eighty-one (81) of the County’s disbursements, we noted that six (6) disbursements totaling \$521,281 were not timely encumbered in accordance with state statutes.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance with state statute.

Effect of Condition: This condition resulted in noncompliance with state statute which could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

Management Response:

Board of County Commissioners: The Board of County Commissioners will express to all County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services.

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

Adequate Documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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

Compliance Objectives

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

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Further, effective internal controls require that management properly implement procedures to ensure that purchases comply with Title 19 O.S. § 1505.

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

**Finding 2023-010 – Lack of County-Wide Internal Controls Over Major Federal Program
Coronavirus State and Local Fiscal Recovery Funds**

PASS-THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

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

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

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

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

Management Response:

Chairman of the Board of County Commissioners: We will work to implement a Risk Assessment plan. We will implement controls to make sure we comply with grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-011 – Lack of Internal Controls Over Major Federal Program Coronavirus State and Local Fiscal Recovery Funds

PASS-THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring

QUESTIONED COSTS: \$-0-

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

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

**POTTAWATOMIE COUNTY, OKLAHOMA
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Effect of Condition: This condition could result in noncompliance with grant requirements and could result in a 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 requirements.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.

Criteria: *OMB 2 CFR 200, Subpart D. 200.303(a)* reads as follows:

Subpart D-Post Federal Award Requirements

§200.303 Internal Controls

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).

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

Finding 2023-012 – Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Over Federal Grant – Coronavirus State and Local Fiscal Recovery Fund

PASS-THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$-0-

Condition: The County does not have a subrecipient monitoring policy, and not all subrecipient agreements are comprised of the following information:

- Federal Award Identification Number (FAIN)
- Name of Federal Awarding Agency

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- Contact information for the official at the Federal Awarding Agency
- Catalog of Assistance Listing (AL) number and name
- Provide Close out terms and conditions

In addition, of the five (5) subrecipients and one (1) beneficiary tested, it was noted the subrecipient or beneficiary agreement for one (1) subrecipient, and one (1) beneficiary could not be located.

Further, subrecipient and beneficiary agreements approved by the Board of County Commissioners state that subrecipient or beneficiary shall provide monthly performance reports until all ARPA funds awarded hereunder have been expended. Through the observation of records, it was determined that monthly performance reports were not submitted each month by entities receiving ARPA funding.

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

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

Recommendation: OSAI recommends the County gain an understanding of the requirements for this program and implement internal controls to ensure compliance with these requirements. OSAI also recommends that entities receiving ARPA funding submit monthly progress reports as stated under the reporting section of the agreements signed by the Board of County Commissioners.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will take measures to ensure future compliance with all requirements of federal grants.

Criteria: *2 CFR 200, §200.332 Requirements for Pass-Through Entities* states in part:

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part.
- (6) Appropriate terms and conditions concerning closeout of the subaward.

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Finding 2023-013 – Lack of Internal Controls and Noncompliance with Reporting Requirements Over Federal Grant Coronavirus State and Local Fiscal Recovery Funds

PASS-THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.027

FEDERAL PROGRAM NAME: Coronavirus State and Local Fiscal Recovery Funds

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

Condition: The County has not established internal controls to ensure the correct expenditure category is used for reporting payments to subrecipients. The quarterly reports improperly classified payments totaling \$1,600,000 to subrecipients as a ‘Revenue Replacement’ expense instead of using the ‘Infrastructure’ expense category.

In addition, it was noted the 2nd Quarter Report was not timely submitted.

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 grant requirements.

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

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will take measures to ensure future compliance with all requirements of federal grants.

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

The non-Federal entity must:

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

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds (10. Reporting.) reads as follows:

All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.

In addition, where appropriate, you organization needs to establish controls to ensure completion and timely submission of all mandatory performance and/or compliance reporting.

Further, *2 CFR § 200.329 Monitoring and Reporting Program Performance (c)(1)* reads as follows:

The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Reports submitted annually by the non-Federal entity and/or pass-through entity must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report submitted by the non-Federal entity and/or pass-through entity must be due no later than 120 calendar days after the period of performance end date. A subrecipient must submit to the pass-through entity, no later than 90 calendar days after the period of performance end date, all final performance reports as required by the terms and conditions of the Federal award. See also [§ 200.344](#). If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-004 – Lack of Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventory (Repeat Finding)

Condition: Upon inquiry and observation of fixed asset inventory listings for offices and departments, the following was noted:

- A yearly updated fixed asset list was not on file with the County Clerk in accordance with 19 O.S. § 178.2 for the following offices:
 - District 1 County Commissioner
 - District 3 County Commissioner
 - County Assessor
 - County Sheriff
 - Court Clerk
 - Health Department

Additionally, since a fixed asset listing has not been filed and the County did not use the Capital Outlay Account, it cannot be determined if fixed assets were purchased with sales tax monies and as a result, it cannot be determined which of these departments are required to file a yearly updated fixed asset list with the County Clerk in accordance with 19 O.S. § 178.2 and perform a visual verification of these items on an annual basis for the following departments.

- Pottawatomie County Public Schools
- OSU Extension
- Fair Maintenance
- Roads & Bridges
- Emergency Management
- Soil Conservation
- Senior Citizens
- E-911 Service
- Pottawatomie County Free Fair/Junior Livestock Show
- Sheriff Emergency Services
- Roads and Bridges Sales Tax

Although an annual inventory listing of fixed assets was on file with the County Clerk, audit evidence did not exist to support all fixed assets were visually verified on an annual basis for the following department.

- Rural Fire Departments

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In verifying a sample of fifteen (15) equipment inventory items at District 1, the following matters were noted:

- Four (4) items were not properly identified with an identification number and “Property of Pottawatomie County.”
- Two (2) items were not properly labeled “Property of Pottawatomie County.”

In testing a sample of five (5) consumable items at District 1, the following variances were noted with amounts on hand:

Description	Inventory Count Per Records	Quantity Verified	Variance
12” Grey Plastic Pipe	239 feet	280 feet	41 feet
18” Grey Plastic Pipe	279 feet	140 feet	(139 feet)
24” Grey Plastic Pipe	80 feet	140 feet	60 feet

Upon inquiry of County personnel and observation of fixed assets and inventory records of District 2, the following was noted:

- A total of forty-two (42) fixed asset items were not properly marked with county identification numbers and could only be traced to the fixed asset listing by serial number.
- One fixed asset item was not properly identified with a county identification number or “Property of Pottawatomie County.”
- A total of six (6) fixed asset items could not be located for visual verification.

Inventory/ Serial Number	Description	Cost
D2-412-3	Fuel Pump	\$500
D2-438-1	Weed Sprayer	Donated
D2-354-4	Ranco Belly Dump Trailer	\$22,450
D2-354-6	Parker Dump Trailer (Stolen)	\$7,650
D2-302-14	Freightliner Westernstar 18-Wheel	\$106,603
D2-301-23B	300 Gallon Skid Unit on GP2	\$8,560

- One (1) fixed asset item was visually verified; however, it was not listed on fixed asset listing; further, it was not properly identified with a county identification number.

Inventory/Serial Number	Description	Cost
1K9FR4332NB367627	Kaufman Trailer	N/A

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In addition, in verifying a sample of 15 equipment inventory items at District 3, the following was noted:

- Eight (8) items did not have a county identification number.
- Three (3) items did not have a county identification number and was not labeled “Property of Pottawatomie County.”
- Three (3) items were not on the inventory list.

Further, in testing a sample of five (5) consumable items the following variances were noted with the amounts on hand:

Consumable Item/Description	Consumable Quantity on Records	Consumable Quantity Measured and Verified By Auditor	Total Variance
5/8” Grader Blade	10	4	(6)
24” Used Steel Pipe	200 feet	20 feet	(180 feet)
36” X 40” Culvert	2	1	(1)
48” X 50” Culvert	1	0	(1)
3/4” Grader Blade	75	13	(62)

Inquiry of County personnel and observation of fixed assets and inventory records of the County Clerk, the following was noted:

- Seventeen (17) inventory items were reported on the fixed asset listing; however, based on SAI Form 397A, Declaration of Surplus records they have been declared as surplus and discarded, or transferred to other offices within the County.

Inventory/Serial Number	Description	Cost
F-105-02A	Desk, Single Pedestal, Left, HON	\$753
F-105-02B	Offset, Return Right, HON – Included with F105-02A	N/A
F-104-01	4 Drawer Legal Filing Cabinet	\$510
F-104-02	4 Drawer Legal Filing Cabinet	\$515
F-104-03	Hon 4 Drawer Filing Cabinet	\$660
F-112-01	Oak Desk & Credenza	\$5,500
F-115-01	Trendway Workstation, Enhanced Storage	\$11,504
F-115-02	Trendway Workstation, Enhanced Storage	\$11,504
F-115-03	Trendway Workstation, Enhanced Storage	\$11,504
F-115-04	Trendway Workstation, Enhanced Storage	\$11,504
F-115-05	Trendway - Four Tables	\$11,504
F-115-06	Trendway Workstation, Enhanced Storage	\$13,021
F-115-07	Trendway Workstation, Enhanced Storage	\$11,504

**POTTAWATOMIE COUNTY, OKLAHOMA
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Inventory/Serial Number	Description	Cost
F-116-01	8 Units, 2 Rolling	\$6,985
F-223-01	Minolta PS7000 Book Scanner	\$15,674
F-223-06	Fujitsu FI-7160 Scanner	\$1,095
F-221-31	HP Monitor LE2202X	N/A

- Four (4) items on the fixed asset listing could not be located for visual verification.

Inventory/Serial Number	Description	Cost
F-221-23	HP Computer	N/A
F-222-08	HP LaserJet, P4015n	N/A
F-223-05	Fujitsu FI-7160 Scanner	\$41,200
F-222-12	OKI Microline 490 24 Pin Printer	\$565

- The following fixed asset serial number did not agree with the inventory list.

Inventory/Serial Number	Serial Number on Equipment	Description	Cost
F-222-11 CNGXC21273	XCNDCG931FY	HP LaserJet Enterprise M602x	\$1,489

Cause of Condition: Policies and procedures have not been designed and implemented over the County's fixed assets and consumable inventories to ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes and inaccurate fixed asset and consumable inventory records. When fixed assets and consumable inventory items are not adequately safeguarded and accounted for, there is an opportunity for misappropriation and undetected errors.

Recommendation: OSAI recommends the County design and implement internal controls to ensure compliance with state statutes, and ensure that fixed assets and consumable inventories are safeguarded against misuse and loss.

Management Response:

Chairman of Board of County Commissioners We will work to ensure all officials/departments, including those funded by sales tax monies, perform a visual verification of 100% of their fixed assets on hand. We will ensure that the individual performing the visual verification and the individual maintaining the list are separate individuals, sign and date and file them with the County Clerk prior to June 30th of each year in compliance with Title 19 O.S. § 178.2.

District 1 County Commissioner: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk. Also, we will label the equipment inventory items to properly display county identification numbers and properly maintain and update consumable inventory listing.

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

District 2 County Commissioner: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk. Also, we will label the equipment inventory items to properly display county identification numbers.

District 3 County Commissioner: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk. Also, we will label the equipment inventory items to properly display county identification numbers and properly maintain and update consumable inventory listing.

County Assessor: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

County Sheriff: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

Court Clerk: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

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.

Additionally, The GAO Standards – Section 2 – Establishing an Effective Internal Control System – Objectives of an Entity - OV2.24 states in part:

Compliance Objectives

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

Title 19 O.S. § 178.2 states, “It shall be and is hereby made the duty of every county officer, board, commission, or department, and by record directive of the board of county commissioners may be made the duty of any employee of the board of county commissioners subject to summary discharge and removal by the board, to conform in all respects and be amenable to all uniform resolutions

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

adopted by their respective boards of county commissioners directing the taking, recording, maintaining and reporting inventories of properties in their respective custody in accordance with the provisions of this act. It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the county clerk.

Title 19 O.S. § 421 states, “From and after the effective date of this act, each board of county commissioners of the several counties in the state shall within thirty (30) days after the disposition of any tools, apparatus, machinery, and equipment belonging to the county or leased or otherwise let to it or any department thereof, the original cost of which is more than Five Hundred Dollars (\$500.00), whether sold, exchanged, junked, leased or let where authorized by statute, shall enter, or cause to be entered, in the minutes of the proceedings of the board the fact of such disposition, including complete description of item, serial number, the date property was acquired, the name and address of the person or firm from whom property was acquired, the cost price at time of acquisition or contract price if acquired under lease-rental agreement, the date of disposition, the name and address of the person or firm to whom property transferred, the price received therefor and the reason for disposition.”

Title 19 O.S. § 1502(A) states, “The board of county commissioners or a designated employee shall: a. prescribe a uniform identification system for all supplies, materials and equipment of a county used in the construction and maintenance of roads and bridges, and b. create and administer an inventory system for all: (1) equipment of a county having an original cost of Two Thousand Five Hundred Dollars (\$2,500.00) or more for use in the construction and maintenance of roads and bridges, and (2) supplies and materials of a county purchased in lots of Two Thousand Five Hundred Dollars (\$2,500.00) or more for use in the construction and maintenance of roads and bridges. Such person shall be the county road and bridge inventory officer.”

Title 19 O.S. § 1502(B)(1) which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance for roads and bridges.

Title 69 O.S. § 645 states in part, “The board of county commissioners shall cause each piece of county-owned, rented or leased road machinery and equipment, and each automobile and truck, to be marked in accordance with the provisions of this section. County-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, on each side, in upper case letters, on a background of sharply contrasting color.

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Finding 2023-009 – Lack of Internal Controls Over the Collection of Fees for Oklahoma Medical Marijuana Compliance Certificates (Repeat Finding)

Condition: During our review of the receipt process, the following was noted:

- Fees collected for processing the Oklahoma Medical Marijuana Compliance Certificates in the amount of \$116,000 were not expressly authorized by state statute.
- Fees collected are in addition to the fees set by the Oklahoma Medical Marijuana Authority.
- A fee schedule determining the cost to provide this service was not provided to auditors.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fees collected by the County are statutorily authorized and to document a fee schedule determining the cost to provide this service for the collection of the Oklahoma Medical Marijuana Compliance fee.

Effect of Condition: This condition resulted in the collection of fees that were not statutorily authorized and could result in inaccurate records, incomplete information, or in misappropriation of assets.

Recommendation: OSAI recommends management take steps to ensure all fees collected by the County are authorized by state statute.

Management Response:

Chairman of the Board of County Commissioners: Pottawatomie County was acting on advice from the District Attorney to charge the compliance fee. Pottawatomie County has discontinued collecting the compliance fee.

Auditor Response: Although the compliance fee charged was approved by the District Attorney, the compliance fee is not expressly authorized by state statute.

Criteria: Attorney General Opinion 2012 OK AG 10, §2 and 3, states in part: that the Board of County Commissioners has the express power to adopt rules, regulations and conditions and assess a fee, however the fees shall not be used as a revenue-generating measure.

Supreme Court's ruling 1917 OK 447, ¶6 states in part: "*The imposition of license fees, having for their purpose the better regulation and control of such occupations, or the use of certain property, is valid as coming within the proper exercise of the police power when they are imposed not for the purpose of obtaining a revenue but for the ostensible one.*"

Supreme Court's ruling 1979 OK 48, ¶6 states in part: "*The amount of such permit or license fee exacted for the purpose of regulation must be limited to the necessary or probable expenses of issuing the licenses and the necessary supervision and regulation of the business so licensed. Otherwise, the ordinance will be regarded as a revenue measure and will be void as a regulation under its police power.*"

**POTTAWATOMIE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Additionally, the GAO Standards – Principle 1 – Demonstrate Commitment to Integrity and Ethical Values: 1.04 states in part:

Tone at the Top

The oversight body and management reinforce the commitment to doing what is right, not just maintaining a minimum level of performance necessary to comply with applicable laws and regulations, so that these priorities are understood by all stakeholders, such as regulators, employees, and the general public.

GAO Standards – Principle 2 – Exercise Oversight Responsibility: 2.02 states in part:

Oversight Structure

The entity determines an oversight structure to fulfill responsibilities set forth by applicable laws and regulations, relevant government guidance, and feedback from key stakeholders.

GAO Standards – Principle 6 – Define Objectives and Risk Tolerances: 6.05 states in part:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



**Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2023**

Finding No.	Title (Financial) or Assistance Listings No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Lack of County-Wide Internal Controls and Disaster Recovery Plan	The Board of County Commissioners will work to hold quarterly meetings with all County Officials to assess and identify risks to establish county-wide internal controls. We will ensure that all offices have a disaster recovery plan on file with the County.	7/1/2025	Melissa Dennis, BOCC Chair
2023-010	Assistance Listings Number 21.027 Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds	We will work to implement a risk assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.	7/1/2025	Melissa Dennis, BOCC Chair
2023-011	Assistance Listings Number 21.027 Lack of Internal Controls over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.	7/1/2025	Melissa Dennis, BOCC Chair
2023-012	Assistance Listing Number 21.027 Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Over	The Board of County Commissioners will take measures to ensure future compliance with all requirements of federal grants.	07/01/2025	Melissa Dennis, BOCC Chair

Melissa Dennis, District 1 | Greg Rush, District 2 | Abby Thompson, District 3
309 N Broadway, Shawnee, OK 74801
P.O. Box 1950 Shawnee, OK, 74802
405.273.4305



	Federal Grant – Coronavirus State and Local Fiscal Recovery Fund			
2023-013	Assistance Listings Number 21.027 Lack of Internal Controls and Noncompliance with Reporting Requirements Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds	The Board of County Commissioners will take measures to ensure future compliance with all requirements of federal grants.	07/01/2025	Melissa Dennis, BOCC Chair
2023-018	Lack of Internal Controls and Noncompliance over County Purchase Card	The Board of County Commissioners will adopt purchase card policies and procedures, further, we will ensure that all employees complete the required documents and training before receiving a purchase card.	07/01/2025	Melissa Dennis, BOCC Chair
2023-019	Lack of Internal Controls and Noncompliance over the Disbursement Process	The Board of County Commissioners will express to all County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services.	07/01/2025	Melissa Dennis, BOCC Chair

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APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



**Summary Schedule of Prior Audit Findings
in accordance with 2 CFR § 200.511b
for the fiscal year ended June 30, 2023**

FINANCIAL AUDIT FINDINGS

Finding 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2018-001, 2019-001, 2020-001, 2021-001, 2022-001
Lack of County-Wide Internal Controls

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

Status: Corrective action has not been taken.

FEDERAL AUDIT FINDINGS

Finding 2021-010

Finding Title County Wide Controls Over Major Programs – COVID-19 Coronavirus Relief Fund

Federal Agency: U.S. Department of Treasury

Assistance Listings No: 21.019

Federal Program Name: COVID-19 Coronavirus Relief Fund

Federal Award Year: 2021

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

Questioned Costs: \$-0-

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

Status: Corrective action has not been taken.

Finding 2021-011

Lack of Internal Controls Over Major Federal Program – COVID-19 Coronavirus Relief Fund

Pass-Through Agency: Oklahoma Office of Management and Enterprise Services

Federal Agency: U.S. Department of Treasury

Assistance Listings No: 21.019

Federal Program Name: COVID-19 Coronavirus Relief Fund

Federal Award Year: 2021

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

Questioned Costs: \$-0-

Finding Summary: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

Status: Corrective action has not been taken.

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Finding 2021-012

Lack of Internal Controls Over Major Federal Program – COVID-19 Coronavirus Relief Fund

Pass-Through Agency: Oklahoma Office of Management and Enterprise Services

Federal Agency: U.S. Department of Treasury

Assistance Listings No: 21.019

Federal Program Name: COVID-19 Coronavirus Relief Fund

Federal Award Year: 2021

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

Questioned Costs: \$211,495

Finding Summary: Program disbursements totaling \$211,495 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles due to ineligible costs. General Government expenditures totaling \$211,495 were not determined to be allowable costs to mitigate the spread of COVID-19.

Status: Corrective action has not been taken.