



PUSHMATAHA COUNTY

Financial Report

For the fiscal year ended June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

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

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



July 15, 2024

TO THE CITIZENS OF
PUSHMATAHA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Pushmataha 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,

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Michael Brittingham

District 2 – Brad Burgett

District 3 – John Roberts

County Assessor

Natalie Standridge

County Clerk

Cheryl Low

County Sheriff

Byron Hedgecock, Jr.

County Treasurer

Teresa Bruce

Court Clerk

Tina Freeman

District Attorney

Mark Matloff

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
PUSHMATAHA 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 Pushmataha 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 Pushmataha 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 Pushmataha 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 Pushmataha 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 Pushmataha 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 Pushmataha 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 Pushmataha 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 Pushmataha 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 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 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 June 26, 2024, on our consideration of Pushmataha 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 Pushmataha County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

June 26, 2024

REGULATORY BASIS FINANCIAL STATEMENT

PUSHMATAHA 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	\$ 2,532,537	\$ 2,749,176	\$ -	\$ -	\$ 2,770,014	\$ 2,511,699
County Highway Unrestricted	1,084,693	2,910,812	211,000	77,179	3,111,913	1,017,413
County Bridge and Road Improvement	549,514	533,233	77,179	-	411,169	748,757
Resale Property	234,581	94,414	43,135	-	108,598	263,532
Sheriff Service Fee	55,988	164,422	-	-	171,889	48,521
County Clerk Lien Fee	4,025	3,676	-	-	1,954	5,747
County Clerk Records Management and Preservation Fund	66,812	36,107	-	-	50,111	52,808
Treasurer Mortgage Certification	7,027	2,010	-	-	2,132	6,905
Trash Cop	6,321	-	-	-	-	6,321
Assessor Revolving Fee	45,090	1,862	-	-	-	46,952
Sheriff Drug Buy	59	-	-	-	-	59
County Donations	106,159	259,611	-	-	118,560	247,210
Sheriff Restitution	3,305	1,925	-	-	2,544	2,686
Emergency Management-ST	45,644	13,775	-	-	14,911	44,508
Fair-ST	12,204	16,985	-	-	15,744	13,445
Extension-ST	261,889	77,330	-	-	61,116	278,103
Economic Development-ST	130,119	29,844	-	-	38,952	121,011
Court Clerk Payroll	7,238	64,903	4,400	-	73,778	2,763
Sheriff-ST	117,565	424,704	-	-	440,449	101,820
911 Phone Fees	11,053	136,242	-	-	125,262	22,033
Jail	9,431	13,879	-	-	17,634	5,676
Rural Economic Action Plan Revolving Fund	4,092	150,683	-	-	154,144	631
Sheriff Commissary	8,487	92,772	-	-	83,650	17,609
Health	602,551	229,397	-	-	371,593	460,355
General Gov't-ST	228,215	289,632	-	4,400	212,371	301,076
USDA Community Facility Assistant Grant	304,022	104,232	-	211,000	33,695	163,559
Covid Aid and Relief	78,756	4,380	-	-	56,680	26,456
American Rescue Plan Act 2021	2,111,967	1,949	-	-	546,401	1,567,515
Safe Oklahoma Grant	11,789	-	-	-	10,675	1,114
Hazard Mitigation Grant	-	12,957	-	-	-	12,957
LATCF	-	103,150	-	-	-	103,150
Total - All County Funds	\$ 8,641,133	\$ 8,524,062	\$ 335,714	\$ 292,579	\$ 9,005,939	\$ 8,202,391

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

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

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

County Bridge and Road Improvement – accounts for state funds to be used for the construction of roads and bridges throughout the County.

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

Sheriff Service Fee – accounts for the collection of sheriff process service fees and court fees. Proceeds are to be used for the lawful operation of the sheriff's office and courthouse security as directed by state statutes.

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

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

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

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

Trash Cop – accounts for grant monies received and disbursed for the prevention and investigation of illegal trash dumping, as restricted by the grant agreement.

Assessor Revolving Fee – accounts for fees collected by the Assessor to maintain electronic databases and geographic information systems associated with the Assessor's statutory duties.

Sheriff Drug Buy – accounts for the collection of the Sheriff's percentage of drug forfeitures and disbursed as restricted by state statute.

County Donations – accounts for donations made to the County for specified projects as restricted by resolution approved by the Board of County Commissioners (BOCC).

Sheriff Restitution – accounts for funds collected by court order to repay vendors' delinquent accounts from fraudulent purchase orders.

Emergency Management-ST – accounts for the collection of sales tax revenue and the disbursement of funds for the purpose of funding Emergency Managements operations as restricted by the sales tax ballot.

Fair-ST – accounts for the collection of sales tax revenue and the disbursement of funds for the purpose of funding the County's fair building operations and grounds as restricted by the sales tax ballot.

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

Economic Development-ST – accounts for the collection of sales tax revenue and the disbursement of funds to stimulate economic development within the County as restricted by the sales tax ballot.

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

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

Sheriff-ST – accounts for the collection of sales tax revenue and the disbursement of funds for maintenance and operation of the County jail and sheriff's office as restricted by the sales tax ballot.

911 Phone Fees – accounts for the collection of fees charged on telephone bills for the County's Emergency 911 system. Disbursements are for the expenditures related to providing 911 services.

Jail – accounts for the monies received from the state of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

Rural Economic Action Plan Revolving Fund – accounts for receipt and disbursement of state grant funds for the purpose of economic development.

Sheriff Commissary – accounts for profits on commissary sales in the county jail to be used by the Sheriff's office for jail expenses as restricted by state statute.

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

General Gov't-ST – accounts for the collection of sales tax revenue and the disbursement of funds for County general maintenance and operation as restricted by the sales tax ballot.

USDA Community Facility Assistant Grant – accounts for federal grant funds awarded to the County by the United States Department of Agriculture with the purpose of funding maintenance and operation of County roads, equipment, and building updates. Disbursement of funds are as restricted by grant agreement.

COVID Aid and Relief – accounts for federal funds received from the Coronavirus Relief Fund for the reimbursement of COVID-19 related expenditures. Disbursements are for any lawful purpose of the County as directed by 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.

Safe Oklahoma Grant – accounts for the receipt and disbursement of state grant funds to be used for the operation of the Sheriff's office, as well as providing additional resources for better equipment or to fund innovative strategies regarding community outreach.

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

Hazard Mitigation Grant – accounts for the receipt and disbursement of federal grant funds for the creation of a Hazard Mitigation Plan as restricted by the grant agreement with the U.S. Department of Homeland Security.

LATCF – accounts for the receipt and disbursement of federal funds under the ARPA Act to be known as Local Assistance and Tribal Consistency Fund, to eligible revenue sharing counties and eligible Tribal governments for use on any governmental purpose except for lobbying activities.

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

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

identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

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.

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts 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 July 1, 2018

The voters of Pushmataha County approved a permanent one-quarter percent (1/4%) sales tax effective July 1, 2018. This sales tax revenue is pledged for the following but not limited to the purchase of any and all equipment, maintenance, training, construction of new buildings or

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

improvements made to existing buildings, existing or future loans, services and supplies for all existing Fire Departments in Pushmataha County, with said tax funds to be divided among said recognized fire departments on an equal share for the purpose to provide revenues for the purpose of providing funding for the Volunteer Fire Department Association in the following communities: Albion, Antlers, Clayton, Cloudy, Darwin, Finely, Hall, Kiamichi Wilderness, Moyers, Nashoba, Rattan, and Sobol, or other herein established for such fire protection as may be deemed necessary by the Board of County Commissioners. These funds are accounted for in the County General fund.

Sales Tax of June 28, 2022

The voters of Pushmataha County approved a continuation of three-quarter percent (3/4%) sales tax effective July 1, 2022. The sales tax is effective for a period of five (5) years. This sales tax was established for the purpose of defraying the costs of indigent healthcare provided in Pushmataha County and the operation, maintenance, equipping, debt service, or staffing of a hospital or other healthcare facility located in Pushmataha County. These funds are accounted for in the County General fund.

Sales Tax of April 1, 2021

The voters of Pushmataha County approved a permanent one percent (1%) sales tax effective April 1, 2021. This sales tax was established to provide revenue to the County for the following areas:

- Maintenance and Operation of the County Jail and for the financing the Operation and Maintenance of the Office of the Sheriff 50%.
- County General Maintenance and Operation which funds the offices of the Tax Assessor, County Clerk, County Treasurer, Court Clerk, Election Board, District Attorney, Sheriff; and for Maintenance and Operation and Equipment of County Roads 34%
- OSU Extension Office 9%
- Pushmataha County Fair Board 2%
- Economic Development 3.5%
- Emergency Management 1.5%

These funds are accounted for in the following sales tax funds: Sheriff-ST, General Gov't-ST, Extension-ST, Fair-ST, Economic Development-ST, and Emergency Management-ST funds.

E. Interfund Transfers

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

- \$211,000 was transferred from the USDA Community Facility Assistance Grant to the County Highway Unrestricted fund to reimburse grant expenditures.
- \$4,400 was transferred from the General Gov't-ST fund to the Court Clerk Payroll fund for a temporary loan in accordance with 68 O.S. § 3021.

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

- \$43,135 was transferred from the Excess Resale fund, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131 (D).
- \$77,179 was transferred from the County Highway Unrestricted fund to the County Bridge and Road Improvement fund to correct an apportionment error from the prior year.

SUPPLEMENTARY INFORMATION

PUSHMATAHA 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	\$ 20,000	\$ 19,973	\$ 27
County Sheriff	423,653	423,458	195
County Treasurer	108,055	104,070	3,985
County Commissioners	119,552	119,552	-
County Clerk	158,322	129,985	28,337
Court Clerk	138,055	124,193	13,862
County Assessor	114,878	114,063	815
Revaluation of Real Property	276,479	176,566	99,913
General Government	1,024,890	357,176	667,714
Excise - Equalization Board	8,000	3,727	4,273
County Election Board	73,973	64,461	9,512
County Audit Budget Account	8,864	-	8,864
Hospital Sales Tax	1,396,431	945,000	451,431
VFD Sales Tax	856,809	167,258	689,551
Total Expenditures, Budgetary Basis	<u>\$ 4,727,961</u>	<u>\$ 2,749,482</u>	<u>\$ 1,978,479</u>

PUSHMATAHA 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	\$ 646,022	\$ 269,922	\$ 376,100
Total Expenditures, Budgetary Basis	\$ 646,022	\$ 269,922	\$ 376,100

**PUSHMATAHA 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.

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
PUSHMATAHA 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 Pushmataha County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Pushmataha County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 26, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 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 Pushmataha 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 Pushmataha County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pushmataha 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, 2023-002, 2023-003, 2023-007 and 2023-008.

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: 2023-004.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pushmataha County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters regarding statutory compliance that we reported to the management of Pushmataha County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Pushmataha County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pushmataha County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Pushmataha 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

June 26, 2024

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION 1—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 (Repeat Finding – 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.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that an adequate system of county-wide controls exists.

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

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

Management Response:

Chairman of the Board of County Commissioners: I will structure Risk Assessment meetings in a more timely manner.

County Clerk: Meetings will be scheduled quarterly to assess quality of performances in a more timely manner.

County Treasurer: This happened under previous administration, going forward we have decided to have a Risk Assessment meeting quarterly to assess policies and procedures.

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

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-002 – Lack of Segregation of Duties over Receipting and Balancing Processes (Repeat Finding – 2012-005, 2013-005, 2014-004, 2015-003, 2018-002, 2019-002, 2020-002, 2021-002, 2022-002)

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

With the concentration of duties, it is possible for an employee to take receipts, prepare the deposit, and reconcile the bank account. While the Treasurer has implemented some mitigating controls, the following weaknesses still exist:

- One employee has the ability to complete a void receipt transaction in the system without a second approval.
- No mail log is prepared and maintained.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Treasurer's office.

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Management Response:

County Treasurer: This occurred under previous administration, going forward we have implemented controls to avoid one employee having to void own receipt. Currently, we do not have time or personnel to maintain mail log.

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

Segregation of Duties

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Finding 2023-003 – Lack of Segregation of Duties Over the Payroll Process (Repeat Finding – 2012-006, 2013-006, 2014-006, 2015-005, 2018-003, 2019-003, 2020-003, 2021-003, 2022-003)

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

- One person enrolls all new employees, maintains personnel files, prepares payroll, prints payroll warrants, and has custody of payroll warrants.

Additionally, it was noted that not all officials or employees sign timesheets.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to segregation of duties and/or compensating internal controls over the payroll process.

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

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

Further, OSAI recommends that officials and employees sign timesheets.

Management Response:

County Clerk: Individuals are able to perform above duties; sign offs will be implemented and double checked and initialed.

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

Segregation of Duties

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

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Finding 2023-004 — Lack of Internal Controls Over Sales Tax Collections (Repeat Finding – 2018-004, 2019-004, 2020-005, 2021-004, 2022-004)

Condition: Upon inquiry and observation, and the review of documentation regarding the process of apportioning/appropriating sales tax collections, the following exception was noted:

- Calculations of the apportionments/appropriations of sales tax monies are not reviewed and approved by someone other than the preparer.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the sales tax collection process to ensure adequate internal controls.

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

Recommendation: OSAI recommends that the County implement a review process over the calculations for the sales tax apportionment/appropriation, which would include someone other than the preparer reviewing and approving the calculations for accuracy.

Management Response:

County Treasurer: This happened under previous administration, going forward I will make the calculations and take to second person to review and approve calculations.

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

County Clerk: County Clerk not responsible for collecting sales tax money, only appropriating said money. County Clerk not familiar with Treasurer procedures. Treasurer office has deputies who can review her documentation.

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

Segregation of Duties

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

Finding 2023-007 – Lack of Internal Controls Over Presentation of Financial Statement

Condition: The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement. During the review and reconciliation of the financial statement, as initially prepared by the County, we determined that the beginning cash balances, receipts apportioned, transfers in, transfers out, disbursements, and ending cash balances were misstated as shown below:

	Beginning Cash Balances July 1, 2022	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balances June 30, 2023
Initial	\$8,725,799.32	\$8,914,943.34	\$43,135.17	\$0.00	\$9,395,387.24	\$8,288,490.59
Amended	8,641,132.96	8,524,061.68	335,714.27	292,579.10	9,005,939.22	8,202,390.59
Variance	\$84,666.36	\$390,881.66	(\$292,579.10)	(\$292,579.10)	\$389,448.02	\$86,100.00

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County’s financial statement is accurately presented.

Effect of Condition: This condition resulted in inaccurate reporting of beginning cash balances, receipts apportioned, transfers, disbursements, and ending cash balances presented on the financial statement.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure the County’s financial statement is accurately presented.

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Management Response:

Chairman of the Board of County Commissioners: The County will implement policies and procedures to ensure the financial statement is accurately presented. This will include a policy instructing the County Clerk and Treasurer to exchange information regarding apportionments and transfers.

County Treasurer: This occurred under previous administration, I will follow procedures to prepare and accurately present the County financial statement.

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

The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: “The concept of an independent audit requires that the auditor's role does not involve assuming management's responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

Finding 2023-008 – Disaster Recovery Plan

Condition: Upon inquiry it was noted that the County Treasurer, County Assessor, County Sheriff, Court Clerk, District 1, and District 3 did not update their Disaster Recovery Plan for fiscal year 2023. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all officials review and update their Disaster Recovery Plan.

Effect of Condition: This condition could result in increased delays in the recovery of critical business functions of the county office.

Recommendation: OSAI recommends that each county office comply with best practices presented in the criteria. The specifics of the recommendation have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Management Response:

County Treasurer: This occurred under previous administration, from here on, I will have one copy of the plan at my desk, one copy at home and I will update it once a year with County Clerk.

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

County Assessor: We now have an updated Disaster Recovery Plan. We will work on having an updated one yearly and file it with the County Clerk.

County Sheriff: We currently have a Disaster Plan and we will make sure it's updated.

Court Clerk: I had the Disaster Recovery Plan on my computer but not printed. I will always have one in my possession at all times.

District 1 County Commissioner: Have documented for Disaster Recovery Plan to be updated every Calendar year and is current at present.

District 3 County Commissioner: I will complete a Disaster Recovery Plan for the District 3 barn and file it with the County Clerk. I will also update it yearly.

Criteria: According to *CobiT, Deliver, Service and Support 4.05 Review, maintain and improve the continuity plans*, management should conduct a management review of the continuity capability at regular intervals to ensure its continued suitability, adequacy, and effectiveness. Manage changes to the plans in accordance with the change control process to ensure that continuity plans are kept up to date and continually reflect actual business requirements.

SECTION 2—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 2023-005 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Upon inquiry of County personnel, observation, and review of documents regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses were noted:

Inmate Trust Fund Checking Account:

- The County Sheriff has not implemented any procedures for unclaimed Inmate Trust Fund monies. Unclaimed inmate balances are left in the Inmate Trust Fund checking account.
- Inmate ledger balances are not reconciled to the bank statements.
- Only one signature is required on Inmate Trust Fund checks.

Sheriff Commissary Fund:

- The FY23 contract for inmate telephone service/commissary bookkeeping software could not be located.
- One (1) employee takes commissary orders, performs inventory of commissary items, updates the inventory in the commissary software system, verifies goods received, fulfills inmates' commissary

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

orders, updates inmate account balances, and disburses commissary items to inmates. Documentation for the inventory of commissary items is maintained but is not signed or verified by a second party.

- Inmate phone profits are being deposited in the Sheriff's Commissary Fund.
- The balances presented in annual report of the Sheriff Commissary Fund filed with the Board of County Commissioners does not reconcile with the Treasurer's ledger balances.

Additionally, the Sheriff's signature stamp is used by his assistant and is not adequately safeguarded from unauthorized use.

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

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

Recommendation: OSAI recommends the following:

- The Sheriff's office should design and implement procedures to address unclaimed Inmate Trust Fund monies in accordance with 22 O.S. § 1325(F, H).
- Inmate Trust Fund monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's ledger balances should be reconciled to the Inmate Trust Fund Checking Account bank statement each month.
- To strengthen segregation of duties, at least two signatures should be required on Inmate Trust Fund checks.
- All contracts should be renewed and approved by the Board of County Commissioners yearly.
- Duties associated with the County Sheriff's in-house commissary should be adequately segregated.
- Funds received from a Sheriff's inmate telephone system shall be deposited in the Sheriff Service Fee account in accordance with 19 O.S. § 180.43 E.
- The County Sheriff's Annual Commissary report should be reviewed for accuracy prior to filing the report with the Board of County Commissioners by January 15th, of each year in accordance with 19 O.S. § 180.43 D.
- Signature stamps should be adequately safeguarded from unauthorized use and used only by the official to whom it belongs.

Management Response:

County Sheriff: The Sheriff's will implement the following corrective actions:

- We will speak with the District Attorney on policy for unclaimed inmate funds.
- Inmate ledger balances will be reconciled to the to the bank statements.
- Two signatures will be required on inmate trust fund checks.
- Duties over the commissary will be segregated.
- Phone profits will be deposited into the proper fund in accordance with 19 O.S. § 180.43 E.
- The annual commissary report will be reconciled to the Treasurer's general ledger.

**PUSHMATAHA COUNTY, OKLAHOMA
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- The signature stamp is no longer being used.

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

Segregation of duties

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

Accurate and timely recording of transactions

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

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

Title 19 O.S. § 180.43 E. states in part, “Each county sheriff may operate, or contract the operation of, a telephone system for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Service Fee Account.”

Title 19 O.S. § 180.43 D. states in part, “The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Finding 2023-006 – Lack of Internal Controls and Noncompliance Over County Credit Cards (Repeat Finding)

Condition: Upon review of disbursement data and county records, OSAI discovered the County has multiple credit cards other than the statutorily allowed credit cards. The following was noted:

- The County has a total of four (4) credit cards with Vendor A.
 - The Sheriff’s office has three (3) credit cards with a credit limit of \$1,500.
 - Highway District 2 has one (1) credit card with a credit limit of \$1,000.
- The credit cards were not approved by the BOCC.
- The credit card invoice at times has an unpaid balance.
- The credit card purchases are not always paid from a proper County fund.

**PUSHMATAHA COUNTY, OKLAHOMA
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- The following credit card expenditures were paid from the County Highway Unrestricted fund:
 - One expenditure in the amount of \$33.39 for Courthouse supplies.
 - One expenditure in the amount of \$98.00 for Sheriff's office supplies.

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

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over County credit cards. OSAI further recommends that the County eliminate all credit cards other than statutorily allowed by 19 O.S. § 1506 and 74 O.S. § 85.5a(A). Also, all disbursements from the County Highway Unrestricted fund shall be statutorily allowed in accordance with 69 O.S. § 1503(a).

Management Response:

BOCC Chair: In BOCC meeting, credit card accounts have been cancelled and cards have been taken to County Clerk's office for disposal.

District 2 Commissioner: I was not aware that the card was not approved by the BOCC, it was at District 2 when I took office. The card was terminated and shredded so no longer in use. We are in the process of getting a P card.

County Sheriff: We were unaware the cards were sold to a different company. The cards have been returned.

County Clerk: Credit cards have been returned to County Clerk's office and each card for Sheriff office and District 2 were cancelled.

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

Objectives of an Entity – Compliance Objectives

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

Additionally, GAO Standards – Principle 6 – Defined Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-

**PUSHMATAHA COUNTY, OKLAHOMA
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setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Further, effective internal controls require that management properly implement procedures to ensure compliance with 19 O.S. § 1506, 74 O.S. § 85.5a (A) and 69 O.S. § 1503(a).

Title 19 O.S. § 1506 states in part, "A. Subject to the limitations and procedures provided by this section, any sheriff or deputy sheriff may purchase materials, supplies or services necessary for travel out of the county by use of one or more credit cards issued to the county for use by the sheriff's department. Purchases made with such credit cards shall be limited to actual expenses for travel out of the county by the county sheriff or deputies to perform their official duties; provided, such credit cards may be used for the purchase of fuel, within the county, on weekends, nights or holidays when fuel cannot be obtained from the vendor to whom a bid for such fuel purchase has been awarded.

"Actual expenses for travel" shall mean expenses for travel by public or private railroads, airplanes, buses, rental cars or other public or private conveyances, fuel, oil, meals, lodging, parking fees and telephone expenses.

B. The sheriff may request the board of county commissioners of the county to apply for a credit card or cards for use by the sheriff's department. The application shall be made in the name of the county and any credit cards issued must be issued in the name of the county only. The board of county commissioners shall then issue the card or cards to the office of the sheriff.

C. For each card issued to the county by an issuer, the county shall encumber sufficient funds each month to pay for the estimated charges made with such cards including any annual or other fee owed for use of the cards. The funds for payment of credit card charges shall be made from the annual county appropriation to the sheriff's department. Payment of the bill for charges incurred on any card shall be made in a timely manner so that no interest charges or penalties accrue and so that the total payment amount corresponds to the balance of charges for purchases in addition to any applicable annual fee or service charge."

Title 74 O.S. § 85.5a (A) states in part, "Except for the state fleet card, the state purchase card program administered by the Purchasing Division is the only card program authorized for use by state agencies."

Title 69 O.S. § 1503(a) states, "All monies raised for use on the county highways in each county, or apportioned to each county for road purposes, from any source, including all funds and

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

monies derived by law, levy, taxation, or apportionment shall, unless otherwise provided by law, be placed in the county treasury in a fund to be known as the county highway fund, to be expended on order of the board of county commissioners on county highways as defined herein, or on state highways within their respective counties including the lighting thereof, if, in the judgment of the board of county commissioners, such expenditure would be just and equitable and for the best interest of the county.”

Article 10 § 15 (A) states, “Except as provided by this section, the credit of the State shall not be given, pledged, or loaned to any individual, company, corporation, or association, municipality, or political subdivision of the State, nor shall the State become an owner or stockholder in, nor make donation by gift, subscription to stock, by tax, or otherwise, to any company, association, or corporation.”



Cindy Byrd, CPA | State Auditor & Inspector

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