



# ROGER MILLS COUNTY

## Financial Report

For the fiscal year ended June 30, 2021

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

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

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



November 8, 2023

TO THE CITIZENS OF  
ROGER MILLS COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Brian Hay  
District 2 – Justin Walker  
District 3 – Dennis Sadler

**County Assessor**

Sarah Batterton

**County Clerk**

Jymay McLeod

**County Sheriff**

Brian Smith

**County Treasurer**

Cassie Drake

**Court Clerk**

Jan Bailey

**District Attorney**

Angela Marsee

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

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
ROGER MILLS COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

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

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

### ***Unmodified Opinion on Regulatory Basis of Accounting***

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

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 September 25, 2023, on our consideration of Roger Mills 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 Roger Mills County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

September 25, 2023

**REGULATORY BASIS FINANCIAL STATEMENT**

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2021
County Funds:				
County General	\$ 6,768,354	\$ 2,327,916	\$ 3,053,693	\$ 6,042,577
County Highway Unrestricted	4,596,873	3,976,183	4,059,884	4,513,172
County Bridge and Road Improvement	749,715	208,430	117,028	841,117
911 Phone Fees	51,410	32,088	36,721	46,777
Assessor Revolving Fee	61,676	2,721	2,722	61,675
County Clerk Lien Fee	531,427	7,139	6,064	532,502
County Clerk Records Management and Preservation	102,476	21,110	6,151	117,435
Court Clerk Payroll	22,685	16,500	-	39,185
Resale Property	43,912	19,660	8,830	54,742
Reward Fund	210	-	-	210
Sheriff Forfeiture	7,303	-	-	7,303
Sheriff Service Fee	622,531	53,809	38,594	637,746
Treasurer Mortgage Certification	2,541	735	295	2,981
Hospital-ST	18,996	251,399	251,688	18,707
Rural Fire-ST	1,129,643	90,304	122,121	1,097,826
Senior Citizens-ST	94,392	17,807	69,096	43,103
Emergency Management-ST	120,317	24,253	38,158	106,412
Extension-ST	225,880	6,285	35,976	196,189
Fair-ST	63,056	7,961	11,413	59,604
Economic Development-ST	70,891	1,466	18,000	54,357
General Gov't-ST	1,340,405	32,807	-	1,373,212
Road and Bridges-ST	62,144	63,228	-	125,372
Community Expansion of Nutrition Assistance Revolving Fund	-	6,302	6,302	-
Rural Economic Action Plan Revolving Fund	-	129,041	129,041	-
American Rescue Plan Act 2021	-	348,038	-	348,038
<b>Total - All County Funds</b>	<b>\$ 16,686,837</b>	<b>\$ 7,645,182</b>	<b>\$ 8,011,777</b>	<b>\$ 16,320,242</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

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

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

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

County Bridge and Road Improvement – accounts for County Bridge and Road Improvement Fund (CBRIF) monies for road and bridge construction in the County, meeting County Road Standards, with the County agreeing to provide adequate maintenance over the life of the structure to protect the investment.

911 Phone Fees – accounts for payments from Public Safety Answering Points (PSAP) call center, including landlines and cell phones. The account is under the direction of Roger Mills County Sheriff's Office to pay dispatchers.

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

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

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

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

Court Clerk Payroll – accounts for monies received from the Court Clerk’s Court Fund for the disbursement of payroll to Court Fund employees.

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

Reward Fund – accounts for a percentage of fines imposed for littering and is used to pay rewards for the arrest and conviction or for evidence leading to the arrest and conviction of any person who violates the provisions of state littering laws.

Sheriff Forfeiture – accounts for money forfeited or money earned from the sale of items forfeited to the Sheriff in relation to drug seizures and disbursements for drug enforcement.

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

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

Hospital-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Rural Fire-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Senior Citizens-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Emergency Management-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Extension-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Fair-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Economic Development-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

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

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General Gov't-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Road and Bridges-ST – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Community Expansion of Nutrition Assistance Revolving Fund – accounts for grant money received as reimbursement for nutrition assistance in the community. The funds were disbursed for the Community Expansion of Nutrition Assistance.

Rural Economic Action Plan Revolving Fund – accounts for grant money received to be disbursed for economic development according to grant requirements.

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

**C. Basis of Accounting**

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

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

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each

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

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officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

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

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

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

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

**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

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

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property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

**3. Other Information**

**A. Pension Plan**

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

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

**B. Other Post Employment Benefits (OPEB)**

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



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

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**D. Sales Tax**

On April 2, 2019, Roger Mills County voters approved a one and one-half percent (1.5%) sales tax effective December 1, 2019 and ending in six (6) years. The Roger Mills County Hospital Authority is to receive .9 of one cent. The Roger Mills County Rural Fire Departments are to receive .125 of one cent (Cheyenne, Crawford, Hammon, Reydon, Strong City, and Berlin each receiving 14.29% and Leedey and Sweetwater each receiving 7.13%). The remaining .475 of one cent is for the general operation and capital improvements for the Roger Mills County Senior Citizens Centers, Emergency Management, OSU Extension Office, Fair Board, Rural Economic Development, General-ST fund for the Sheriff Office, Treasurer Office, County Clerk Office, Assessor Office, Court Clerk Office, General Government Department, Election Board Office, Excise Board Office and Road and Bridges-ST fund for road materials.

The sales tax is accounted for in the following funds: General Gov't-ST, Emergency Management-ST, Economic Development-ST, Extension-ST, Rural Fire-ST, Senior Citizens-ST, Fair-ST, Hospital-ST, and Road and Bridges-ST.

**SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 16,000	\$ 4,705	\$ 11,295
County Sheriff	781,343	752,539	28,804
County Treasurer	206,512	165,433	41,079
County Commissioners	480,000	170,776	309,224
County Clerk	248,698	236,036	12,662
Court Clerk	160,512	159,101	1,411
County Assessor	135,380	117,779	17,601
Revaluation of Real Property	139,132	134,590	4,542
General Government	4,531,345	311,755	4,219,590
Excise - Equalization Board	15,000	4,279	10,721
County Election Board	87,916	79,465	8,451
Insurance - Benefits	1,151,000	848,805	302,195
Civil Defense	91,632	43,874	47,758
Charity	6,000	-	6,000
Planning and Zoning Board	10,000	75	9,925
Tick Eradication Account	5,000	2,400	2,600
County Audit Budget Account	33,467	33,467	-
Public Health Budget Account	1,000	-	1,000
Flood Planning Board	10,000	50	9,950
Total Expenditures, Budgetary Basis	\$ 8,109,937	\$ 3,065,129	\$ 5,044,808

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

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**1. Budgetary Schedule**

The Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis for the General Fund present comparison 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  
ROGER MILLS COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Roger Mills County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Roger Mills County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 25, 2023.

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

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Roger Mills 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 Roger Mills County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Roger Mills County’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not

identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2021-001 and 2021-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Roger Mills 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*.

### **Roger Mills County's Response to Findings**

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

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

September 25, 2023

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**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 2021-001 - Lack of County–Wide Internal Controls (Repeat Finding – 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001)**

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

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the risks of the County.

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

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

**Management Response:**

**Chairman of the Board of County Commissioners:** As Chairman of the Board, we will address the issue and discuss County-Wide Internal Controls with all Elected Official including the County Treasurer’s financial statement.

**County Clerk:** Since I came into office in January of 2021, I have made multiple presentations to the Board of County Commissioners and other elected officials over the need to effectively bring the County into compliance with County-Wide Internal Controls. I plan to continue addressing the need of Disaster Recovery Plans for each department, as I continue to compile a plan for my office.

**County Treasurer:** During our monthly Officer’s Meetings, we will review and discuss the County-Wide Internal Controls checklist provided by OSAI.

**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.



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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 2021-002 – Lack of Internal Controls Over the Payroll Process (Repeat Finding – 2015-004, 2016-004, 2017-002, 2018-002, 2019-002, 2020-002)**

**Condition:** Upon inquiry and observation of the County’s payroll process, the following weaknesses were noted:

- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- Ten (10) payroll disbursements totaling \$13,536 were not supported by a timesheet approved by the elected official or supervisor.
- Five (5) payroll disbursements totaling \$6,635 were not supported by a payroll affidavit approved by the elected official or department head.
- Five (5) payroll disbursements totaling \$6,618 were not supported by a timesheet signed by the employee.
- One (1) payroll disbursement in the amount of \$501 was not supported with a timesheet.
- One (1) payroll disbursement in the amount of \$40 was not supported with a completed timesheet.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to proper purchasing as well as segregation of duties and/or compensating controls of the payroll process.

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Additionally, procedures have not been designed and implemented to ensure time records are maintained in a manner to support payroll expenditures.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, detected errors, and misappropriation of funds.

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

The following key accounting functions of the payroll process should be adequately segregated:

- Enrolling/removing employees and maintaining personnel files.
- Reviewing time records and preparing payroll.
- Distributing payroll warrants to individuals.

Additionally, OSAI recommends the County design and implement policies and procedures to reduce the risk of an individual being paid for time not worked. At a minimum, these policies and procedures should include:

- Time records be used to document hours worked and leave used each day.
- Time records be prepared and reviewed for accuracy prior to the issuance of payroll for that time period.
- Time records be signed by both the employee and supervisor certifying the validity of the hours worked and/or leave used.
- Time records be submitted and filed with the County Clerk.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will discuss with the County Sheriff, District 2 County Commissioner, and the County Clerk to ensure that all payroll disbursements are being handled in a more appropriate manner.

**County Commissioner District 2:** We will implement procedures to ensure that an elected official reviews payroll disbursements and file all payroll documents for future reference.

**County Clerk:** Since taking office in January of 2021, there have been procedures implemented to provide adequate segregation of duties regarding payroll processes. New procedures include establishing a cutoff date for payroll to be turned into my office, each official is to file payroll records with the payroll clerk, each official is to maintain and review employee time records, add verification steps to the payroll process. I am implementing a notice to all departments to provide my office with employee leave records.

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**County Sheriff:** Oversights regarding payroll disbursements not being supported by officer approval, occurred early within my term of taking office, and strengthening procedures is a high priority for my office and proper review of timesheets is now performed by assigned staff. Communication and staff responsibilities has been addressed to ensure that all payroll affidavits are approved. Applicable staff is performing a more extensive review of all timesheets to ensure timesheets are approved by the employee.

**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.

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STATE AUDITOR & INSPECTOR



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