



SEMINOLE COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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.



April 26, 2024

TO THE CITIZENS OF
SEMINOLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Seminole 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

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

Board of County Commissioners

District 1 – Russell Lee Yott

District 2 – Tim Porter

District 3 – Clifton Taylor

County Assessor

Denise Bailey

County Clerk

Valarie Hogue

County Sheriff

Shannon Smith

County Treasurer

Lisa Turpin

Court Clerk

Kim Davis

District Attorney

Paul Smith

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

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
SEMINOLE 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 Seminole 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 Seminole 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 Seminole 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 Seminole County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of Seminole 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 Seminole County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 1,038,548	\$ 3,182,009	\$ 79	\$ 79	\$ 3,062,359	\$ 1,158,198
County Highway Unrestricted	1,786,693	2,863,704	91,952	-	3,055,769	1,686,580
Resale Property	713,022	268,542	-	-	166,831	814,733
Health	603,067	508,684	-	-	360,680	751,071
General Gov't - ST	530,927	245,733	-	-	135,410	641,250
Roads and Bridges - ST	786,509	726,428	-	-	742,593	770,344
Sheriff - ST	74,925	293,503	-	-	180,876	187,552
Treasurer Mortgage Certification	20,480	3,660	-	-	-	24,140
County Clerk Lien Fee	24,867	9,251	-	-	3,346	30,772
Sheriff Service Fee	105,987	528,841	-	-	481,261	153,567
Sheriff Board of Prisoners	10,957	-	-	-	10,107	850
Local Emergency Planning Committee	6,079	2,000	-	-	799	7,280
Local Emergency Planning Committee Grant	100	-	-	-	-	100
Flood Plain	50	-	-	-	-	50
Solid Waste	6,099	97	-	-	-	6,196
Special Project BIA Road	79,677	-	-	-	-	79,677
Assessor Revolving Fee	11,476	1,702	-	-	5,955	7,223
County Clerk Records Management and Preservation	17,412	69,122	-	-	32,743	53,791
Sheriff Commissary	12,358	-	-	-	8,023	4,335
911 Phone Fees	101,940	389,864	-	-	318,926	172,878
E-911 Sales Tax	34,294	260,830	-	-	183,159	111,965
Ambulance Service District - ST	193,263	262,362	-	-	274,923	180,702
Police - ST	52,028	-	-	-	10,168	41,860
Jail - ST	90,196	1,477,126	-	-	1,450,885	116,437
Rural Fire - ST	114,473	-	-	-	79,900	34,573
Emergency Management	1,784	31,632	-	-	30,288	3,128
County Bridge and Road Improvement	1,350,917	244,875	-	91,952	81,059	1,422,781
Fire Tax 2 - ST	266,984	177,556	-	-	97,958	346,582
Mental Health and Drug Court	8,284	215,396	-	-	191,159	32,521
County Clerk Petty Cash	180	-	-	-	-	180
Cash in Offices	312	-	-	-	-	312
Use Tax - ST	1,258,599	434,061	-	-	223,944	1,468,716
Police Tax 3 - ST	63,219	34,808	-	-	17,515	80,512
CAMTA (Child Abuse Multidisciplinary Team Account)	1,712	-	-	-	-	1,712
CDBG Fairgrounds	-	17,971	-	-	17,971	-
Sheriff Forfeiture	3,185	-	-	-	-	3,185
County Donations	9,964	3,030	-	-	-	12,994
Court Clerk Payroll	4,859	166,398	79	79	167,399	3,858
American Rescue Plan Act 2021	-	2,355,916	-	-	-	2,355,916
Total - All County Funds	\$ 9,385,426	\$ 14,775,101	\$ 92,110	\$ 92,110	\$ 11,392,006	\$ 12,768,521

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Seminole 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 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.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disposition of same 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.

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

Roads and Bridges – ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

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

Sheriff – ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

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.

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

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

Sheriff Board of Prisoners – accounts for monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections’ prisoners and for service fees received for transportation of inmates and juveniles.

Local Emergency Planning Committee – accounts for state funds received and disbursed for local emergency planning.

Local Emergency Planning Committee Grant – accounts for grant funds received and disbursed for local emergency planning.

Flood Plain – accounts for the collection of permits and disbursements are for office supplies.

Solid Waste – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Special Project BIA Road – accounts for funding received from the Bureau of Indian Affairs and disbursed to the County for special road projects.

Assessor Revolving Fee – accounts for fees collected for copies restricted by state statute.

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

Sheriff Commissary – accounts for monies received from the commissary sales and disbursement of funds as restricted by state statute.

911 Phone Fees – accounts for revenues from various telecommunication companies and disbursements are provided for the operation of the Emergency 911 system.

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

E-911 Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the emergency sales tax ballot.

Ambulance Service District – ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the emergency sales tax ballot.

Police - ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the emergency sales tax ballot.

Jail – ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Rural Fire – ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Emergency Management – accounts for the collection of funds from the Federal Emergency Management Agency (FEMA) and disbursed for the operation of Seminole County Emergency Management office.

County Bridge and Road Improvement – accounts for monies collected from Oklahoma Department of Transportation and disbursements are restricted for road and bridge projects.

Fire Tax 2 – ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Mental Health and Drug Court – accounts for funds received from Oklahoma Department of Mental Health and Substance Abuse Services to be expended for the maintenance and operation of the Drug Court.

County Clerk Petty Cash – accounts for cash held in the County Clerk’s office for change.

Cash in Offices – accounts for cash held by the various county offices for change funds.

Use Tax - ST – accounts for the collection of use tax revenue and the disbursement of funds as restricted by the use tax resolution.

Police Tax 3 - ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the emergency sales tax ballot.

CAMTA (Child Abuse Multidisciplinary Team Account) – accounts for funds received from the Oklahoma Commission on Children and Youth and expended for salaries and equipment for contracted eligible freestanding child abuse teams.

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

CDBG Fairgrounds – accounts for Community Development Block Grant funds received and disbursement of funds as restricted to grant agreement for the County fair building.

Sheriff Forfeiture – accounts for the collection of the Sheriff's percentage of drug forfeitures and the disbursement of funds as restricted by state statute.

County Donations – accounts for monies received for donations for all county offices from entities and disbursed per board of county commissioners' resolution.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll expenses for that office.

American Rescue Plan Act 2021– accounts for monies received from the American Rescue Plan Act 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 officer or department head submits an estimate of needs to the governing body. The budget is

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

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

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

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.

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

D. Sales Tax

Sales Tax of November 7, 2006

The voters of Seminole County approved one-half percent (1/2%) sales tax for acquiring, construction, equipping, repairing, renovating, operating, and maintaining County jail facilities; to pay the principle of and interest on indebtedness incurred on behalf of said County by the Seminole County Public Building Authority for such purposes; and any remainder for other County purposes expiring April 1, 2027. These funds are accounted for in the Jail-ST fund.

Sales Tax of February 10, 2015

The voters of Seminole County approved the renewal of a one-half percent (1/2%) sales tax for a period of five years beginning September 1, 2015. Proceeds of the tax are designated as follows:

- 60 percent – county road fund for the repair or replacement of county roads, bridges, and equipment to be divided equally between the three districts. These funds are accounted for in the Roads and Bridges – ST fund.
- 20 percent – county sheriff. These funds are accounted for in the Sheriff - ST fund.
- 20 percent – county general government for the maintenance and operations on County property and operating expenses. These funds are accounted for in the General Gov't - ST fund.

Sales Tax of June 28, 2016

The voters of Seminole County approved a one-quarter percent (1/4%) sales tax for a term of five (5) years beginning January 1, 2017. Proceeds of the tax are designated as follows:

- 20.08 percent – divided equally between eight (8) fire departments those being Seminole, Wewoka, Konawa, Bowlegs, Maud, Cromwell, Sasakwa, and Strother. These funds are accounted for in the Fire Tax 2 - ST fund.
- 30.83 percent – to the County-wide 911 service. These funds are accounted for in the E-911 Sales Tax fund.
- 43.34 percent – 24 percent goes to City of Seminole ambulance services; 12 percent goes to City of Wewoka Ambulance services; and 7.34 percent goes to City of Konawa ambulance services. These funds are accounted for in the Ambulance Service District - ST fund.
- 5.75 percent – Divided equally between Seminole, Wewoka, and Konawa police departments. These funds are accounted for in the Police - ST and Police Tax 3 - ST funds.

E. Interfund Transfers

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

- \$79 was transferred from the County General fund to the Court Clerk Payroll fund to meet requirements of appropriations in accordance with 68 O.S. § 3021.

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

- \$79 was transferred from the Court Clerk Payroll fund to the County General fund for repayment of the loan in accordance with 68 O.S. § 3021.
- \$91,952 was transferred from the County Bridge and Road Improvement fund to the County Highway Unrestricted fund for reimbursements for road and bridge projects.

F. Special Items

Investigative Audit

The State Auditor and Inspector's Office has been requested to conduct a special investigative audit to be performed on the County Sheriff's office for the period of December 1, 2016 through November 10, 2022. This audit and any findings will be issued in a separate report and are not expected to have a material effect on the basic financial statement as of and for the year ending June 30, 2021.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 972,084	\$ 816,747	\$ 155,337
County Treasurer	162,586	157,421	5,165
County Commissioners	28,200	16,679	11,521
County Commissioners O.S.U. Extension	36,500	25,877	10,623
County Clerk	220,878	220,374	504
Court Clerk	169,400	169,400	-
County Assessor	181,591	174,904	6,687
Revaluation of Real Property	305,244	284,187	21,057
General Government	1,262,087	1,048,009	214,078
Excise - Equalization Board	6,000	4,279	1,721
County Election Expense	96,809	82,173	14,636
Emergency Management	6,496	1,496	5,000
County Audit Budget Account	50,157	38,046	12,111
County Cemetary	25,010	10,605	14,405
Free Fair Budget Account	25,300	22,001	3,299
Total Expenditures, Budgetary Basis	\$ 3,548,342	\$ 3,072,198	\$ 476,144

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 911,265	\$ 476,665	\$ 434,600
Total Expenditures, Budgetary Basis	\$ 911,265	\$ 476,665	\$ 434,600

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	CDBG-17	<u>\$ 17,972</u>
Total U.S. Department of Housing and Urban Development			<u>17,972</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0257	<u>892,259</u>
Total U.S. Department of Treasury			<u>892,259</u>
Total Expenditures of Federal Awards			<u><u>\$ 910,230</u></u>

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

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Seminole County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the COVID-19 Relief Bill into law. Seminole County received \$892,259 in federal relief funds. The County incurred \$630,501 in eligible expenditures in the prior fiscal year ending June 30, 2020. These eligible expenditures were from March 16, 2020 through June 30, 2020, and were accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing 21.019 – Coronavirus Relief Fund includes \$630,501 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$261,758 that were incurred in the fiscal year ending June 30, 2021. The total Coronavirus Relief Fund expenditures reported was \$892,259.

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
SEMINOLE 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 Seminole County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Seminole County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 18, 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. 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 Seminole 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 Seminole County's internal control. Accordingly, we do not express an opinion on the effectiveness of Seminole County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2021-002 and 2021-003.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2021-001 and 2021-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seminole 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

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

Seminole County's Response to Findings

Seminole County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Seminole 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

March 18, 2024



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

TO THE OFFICERS OF
SEMINOLE COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Coronavirus Relief Fund

As described in Finding 2021-009 in the accompanying schedule of findings and questioned costs, Seminole County did not comply with requirements regarding the following:

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2021-009	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

Qualified Opinion on Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Seminole County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Corona Virus Relief Fund for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-009. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008 that we consider to be material weaknesses.

Seminole County's Response to Findings

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

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

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

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

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

Finding 2021-001 - Lack of Internal Controls Over Information Technology System (Repeat Finding - 2019-001, 2020-001)

Condition: Upon review of the computer systems within the office of the County Clerk, it was noted that there does not appear to be adequate internal controls in place to safeguard data from unauthorized modification, loss, or disclosure. 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 prevent unauthorized access to data.

Effect of Condition: This condition could result in compromised security for computers, computer programs, and data.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the County 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 Clerk: I agree with finding and will implement changes.

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support Ds5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

Finding 2021-002 – Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding - 2012-005, 2013-005, 2014-005, 2019-003, 2020-003)

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

- 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 the processing of a transaction.

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

Additionally, the audit of forty-six (46) purchase orders reflected the following exceptions:

- Seven (7) purchase orders were not timely encumbered.
- Five (5) purchase orders were not signed to document the issuance and encumbrance of the purchase orders.
- Two (2) purchase orders did not have receiving reports attached.
- One (1) purchase order did not have supporting documentation (invoice) attached.

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

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

Recommendation: OSAI recommends 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 risk 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 approve accounting functions.

Further, management should adhere to state purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered. Purchase orders should contain proper approvals, have invoices attached and additional supporting documentation attached.

Management Response:

County Clerk: The system we now use has allowed us to streamline the purchase order process. The requisitions are created electronically by the requisitioning departments and submitted to the purchasing agent. We have also implemented the use of digital signatures and we feel all of these things help to segregate the duties.

Purchase orders are totaled twice by deputies before being entered into the system to pay warrants, the system totals all warrants being entered for payment to compare they match. Deputies will start verifying the purchase orders to the warrants and signing the verification report after warrants are ran.

Our office stamps all purchase orders that are not timely encumbered with a red stamp and we will encourage all county offices to attend purchasing classes to gain a better understanding of the purchasing procedures. The bottom certification of the purchase order will be signed going forward. All offices will be reminded that all purchase orders must have proper supporting documentation for all purchases.

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

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

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

Compliance Objectives

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

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.

Appropriate documentation of transactions and internal control

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

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.

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

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

Finding 2021-003 – Lack of Internal Controls Over the Payroll Process (Repeat Finding - 2012-006, 2013-006, 2014-006, 2019-004, 2020-004)

Condition: Upon inquiry and observation of the County’s payroll process, it was noted that:

- 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 the processing of a transaction. One person enrolls new employees, maintains personnel files, makes payroll changes in the system, prints payroll verifications, reviews the payroll claims, calculates amounts to be paid to the employees and payroll related agencies.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk’s office with regard to the payroll process.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and 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. Additionally, OSAI recommends that all payroll and payroll changes entered into the computer system be reviewed and evidenced with initials and date by someone other than the preparer.

Management Response:

County Clerk: All deputies participate in the payroll process. We will ensure that we maintain support for all of our review processes and when this process is being documented going forward, we will provide support to the auditors.

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.

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

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 2021-006 – Lack of Internal Controls and Noncompliance with Sales Tax Agreement (Repeat Finding - 2019-007, 2020-007)

Condition: On November 7, 2006, the voters of Seminole County approved one-half percent (1/2%) sales tax for acquiring, construction, equipping, repairing, renovating, operating, and maintaining County jail facilities; to pay the principle of and interest on indebtedness incurred on behalf of said County by the Seminole County Public Building Authority for such purposes; and any remainder for other County purposes expiring April 1, 2027.

On July 1, 2009, Seminole County entered into a sales tax agreement with the Seminole County Public Building Authority (the Authority). In return for the Authority facilitating the design and construction of a new jail facility serving Seminole County, Oklahoma and other related improvements and paying certain costs associated with the issuance of the 2009 note. The County agreed to appropriate all monies that are generated each year pursuant to the Sales Tax Revenue of a one half of one percent (1/2%) over as received for immediate deposit in a bank designated by the Authority.

Monthly the County Treasurer remits by Treasurer's check the one half of one percent (1/2%) from the County General bank account to the Jail Tax bank account instead of being expended by purchase order. These monies are then special apportioned to the Jail Tax /Seminole County Public Building Authority fund.

Cause of Condition: Policies and procedures have not been designed or implemented to ensure the County's sales tax collections are properly expended in accordance with sales tax ballot as required by state statute.

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

Effect of Condition: These conditions resulted in noncompliance with state statutes, and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends that the County sales be apportioned and expended in accordance with the sales tax ballot as approved by the voters of the County in accordance with 68 O.S. § 1370E.

Management Response:

Chairman of the Board of County Commissioners: We are currently waiting on an opinion from District Attorney on this matter.

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

Compliance Objectives

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

Further, 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-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.

Effective internal controls require that management properly implement procedures to ensure compliance with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

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

Finding 2021-007 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U. S. Department of the Treasury

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

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance

QUESTIONED COSTS: \$-0-

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

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

Effect of Condition: This condition could result in noncompliance with grant requirements.

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

Management Response:

Chairman of the Board of County Commissioners: We are working on setting policies and procedures for federal programs. Seminole County will work with all County officials to discuss grants and federal monies Seminole County receives to ensure that proper internal controls are implemented during our quarterly meetings.

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

Definition of Internal Controls

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.

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

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 2021-008 – Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U. S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

QUESTIONED COSTS: \$-0-

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

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

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

Recommendation: OSAI recommends the County gain an understanding of requirements for these programs and implement internal control procedures to ensure compliance with requirements.

Management Response:

Chairman of the Board of County Commissioners: Seminole County strives to gain more understanding and knowledge of requirements and will continue to implement more internal controls to ensure we follow all federal grant requirements. This was the first time we had this kind of federal grant program and now we know and understand the grant requirements and reporting better.

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

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the

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

United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

Finding 2021-009 – Noncompliance Over Major Federal Program – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

PASS-THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0257

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$46,166.86

SAMPLE: 100% of disbursements were tested.

Condition: During the test of 100% of federal expenditures for Coronavirus Relief Fund, program disbursements totaling \$46,166.86 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles due to unsubstantiated, and ineligible costs.

- Reimbursed payroll expenditures totaling \$46,105.49 were not supported by adequate documentation to determine costs incurred were for activities allowed and allowable costs.
- Purchase order number 4429 had \$61.37 that was not supported by documentation to determine costs were incurred for allowable activities and allowable costs.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with federal grant requirements.

Effect of Condition: This condition resulted in noncompliance with federal grant requirements for this program and could result in loss of federal funds.

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

Management Response:

Chairman of the Board of County Commissioners: We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of federal grant program fund and now we know and understand the requirements and reporting better.

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

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

The non-Federal entity must:

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

Additionally, 2 CFR § 200.403 - *Factors affecting allowability costs* states in part, Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.

Furthermore, guidance provided in the Subrecipient Agreement – Federal Funding Certification executed July 8, 2020, between Seminole County and the State of Oklahoma states in part,

5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.

6. Any local government entity receiving funds pursuant to this certification shall retain documentation of all uses of the funds,...

8. Any funds provided pursuant to this certification cannot be used as a revenue replacement for lower than expected tax or other revenue collections.

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

Finding 2021-005 – Lack of Internal Controls and Noncompliance Over Sheriff Travel Bank Account

Condition: The Board of County Commissioners approved, by resolution, a purchase order in the amount \$5,000 from the Sheriff-ST fund to open a demand bank account to be used by the Sheriff for travel related expenses using a debit card from this account. This account is not listed on the County’s general ledger and is not allowed by state statute.

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

Cause of Condition: The County did not follow the policies and procedures designed by state statute regarding the Sheriff’s travel expenses.

Effect of Condition: This condition resulted in noncompliance with the state statute. In addition, without proper accounting and safeguarding of this account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends this account be closed. Further, we recommend the Sheriff request that the Board of County Commissioners apply for a credit card for the Sheriff’s office travel expenses according to state statute.

Management Response:

County Sheriff: This account was closed in October 2022.

Criteria: The GAO Standards – Principle 1 – Demonstrate Commitment to Integrity and Ethical Values: 1.04 states in part:

Tone at the Top

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

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

Definitions of Objectives

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

Title 19 O.S. § 1506 states, “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.

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

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.”

Finding 2021-010 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, it was noted that the County Sheriff 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.

Further, an examination of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- Collections are not deposited into the Inmate Trust Fund Checking Account on a daily basis.
- Cash received through the kiosk in the lobby is not being consolidated or reconciled to the accounting system and the bank deposit slips. This resulted in the amount of \$30,771 in cash that has not been deposited into the Inmate Trust Fund Checking Account.
- Bank reconciliations are not being performed on the Inmate Trust Fund Checking Account.
- Individual Inmate Trust Fund balances are not being reconciled to the Inmate Trust Fund Checking Account bank statement.
- Proceeds from the Commissary Sales are not being remitted from the Inmate Trust Fund Checking Account to the Sheriff's Commissary Fund.
- There is no inventory log to track debit cards that are issued to inmates upon release.
- Expenditures are being made from Inmate Trust Fund Checking Account that are not in compliance with Title 19 O.S. § 531 A.
- An annual report for the Sheriff Commissary Fund was not prepared and filed with the Board of County Commissioners by January 15th of each year.
- There is no policy or procedure regarding unclaimed funds.

Cause of Condition: Policies and procedures have not been designed to ensure financial transactions regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund adequately segregated and are in compliance with state statutes.

Effect of Condition: This condition resulted in noncompliance with state statutes. A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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

Recommendation: OSAI recommends management be aware of this condition realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no employee is able to perform all accounting functions.

Further, OSAI recommends the following:

- Deposits be made daily in accordance with 19 O.S. § 682.
- Policies and procedures be designed and implemented to ensure kiosk cash be consolidated or reconciled to the accounting system and deposits slips.
- Bank reconciliations should be performed on a monthly basis and be reviewed and approved by someone other than the preparer.
- Proceeds from the Inmate Trust Checking Account be remitted to the Sheriff Commissary Fund timely.
- An inventory log of debit cards be kept.
- Expenditures made from the Inmate Trust Checking Account should be made in accordance with 19 O.S. § 531A.
- The Sheriff should file a report of the commissary with the Board of County Commissioners by January 15th, of each year in accordance with 19 O.S. § 184.43D.
- Policies and procedures should be designed and implemented to ensure disposition of inmates unclaimed property are handled in accordance with 22 O.S. § 1325.

Management Response:

County Sheriff: I submitted an investigation request to the District Attorney and a formal request was made for a special audit with the Oklahoma State Auditor and Inspector's office.

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.

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

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.

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...a commissary 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 Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

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

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

Title 22 O.S. § 1325(F, H) outlines procedures for disposing unclaimed property.

Finding 2021-014 – Lack of Internal Controls and Over the Collection of Fees for Oklahoma Medical Marijuana Compliance Certificates

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

- Fees collected for processing the Oklahoma Medical Marijuana Compliance Certificates in the amount of \$194,000 were not authorized by state statute.
- Fees collected are in addition to the fees set by the Oklahoma Medical Marijuana Authority.
- A fee schedule determining the cost to provide this service was not provided to auditors.

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

- Fees are not deposited daily.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fees collected by the County are statutorily authorized, to document a fee schedule determining costs to the County for the collection of Oklahoma Medical Marijuana Compliance fee, and ensuring fees are deposited daily.

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

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

Management Response:

Chairman of the Board of County Commissioners: The County is responsible for doing Certificate of Compliance (COC) on Oklahoma Medical Marijuana Authority (OMMA) businesses which are commercial buildings. The State Fire Marshal office charges for such services. Since we took over jurisdiction of commercial building inspections, we implemented the State Fire Marshal fee schedule. Also, we received an opinion from District Attorney's office as well.

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

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

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

Additionally, The GAO Standards – Principle 1 – Demonstrate Commitment to Integrity and Ethical Values 1.04 states, in part:

Tone at the Top

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

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

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

Oversight Structure

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

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

Definitions of Objectives

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

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

GARY CHOATE
 District No. 1
 14097 Old Highway 99
 Konawa, OK 74849
 (580) 925-3692
 FAX (580) 925-3133

TIM PORTER
 District No. 2
 1005 E. Strother
 Seminole, OK 74868
 (405) 382-4035
 FAX (405) 382-3363

KEITH JENNINGS
 District No. 3
 12845 NS 3650
 Wewoka, OK 74884
 (405) 257-3652
 FAX (405) 257-3560

- OFFICE OF -
The Board of County Commissioners
 Seminole County, Oklahoma
 110 S. Wewoka Ave. Suite 103
 WEWOKA, OKLAHOMA 74884
 (405) 257-2450 FAX (405) 257-5166

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

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of Internal Controls Over Information Technology System – County Clerk	I agree with finding and will implement changes.	1/3/23	Valarie Hogue, County Clerk
2021-002	Lack of Internal Controls and Noncompliance Over Disbursements	<p>The system we now use has allowed us to streamline the purchase order process. The requisitions are created electronically by the requisitioning departments and submitted to the purchasing agent. We have also implemented the use of digital signatures and we feel all of these things help to segregate the duties.</p> <p>Purchase orders are totaled twice by deputies before being entered into the system to pay warrants, the system totals all warrants being entered for payment to compare they match. Deputies will start verifying the purchase orders to the warrants and signing the verification report after warrants are ran.</p> <p>Our office stamps all purchase orders that are not timely encumbered with a red stamp and we will encourage all county offices to attend purchasing classes to gain a better understanding of the purchasing procedures. The bottom certification of the purchase order will be signed going forward. All offices will be reminded that all purchase orders must have proper supporting documentation for all purchases.</p>	1/3/23	Valarie Hogue, County Clerk

2021-003	Lack of Internal Controls Over the Payroll Process	All deputies participate in the payroll process. We will ensure that we maintain support for all of our review processes and when this process is being documented going forward, we will provide support to the auditors.	1/3/23	Valarie Hogue, County Clerk
2021-006	Lack of Internal Controls and Noncompliance with Sales Tax Agreement	We are currently waiting on an opinion from District Attorney on this matter.	6/30/24	Keith Jennings, Chairman of the Board of County Commissioners
2021-007	Lack of County-Wide Controls Over Major Federal Programs ALN 21.019 – Coronavirus Relief Fund	We are working on setting policies and procedures for federal programs. Seminole County will work with all County officials to discuss grants and federal monies Seminole County receives to ensure that proper internal controls are implemented during our quarterly meetings.	6/30/24	Keith Jennings, Chairman of the Board of County Commissioners
2021-008	Lack of Internal Controls Over Major Federal Programs ALN 21.019 – Coronavirus Relief Fund	Seminole County strives to gain more understanding and knowledge of requirements and will continue to implement more internal controls to ensure we follow all federal grant requirements. This was the first time we had this kind of federal grant program and now we know and understand the grant requirements and reporting better.	6/30/24	Keith Jennings, Chairman of the Board of County Commissioners
2021-009	Noncompliance Over Major Federal Programs Activities Allowed or Unallowed and Allowable Costs/Cost Principles ALN 21.019 – Coronavirus Relief Fund	We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of federal grant program fund and now we know and understand the requirements and reporting better.	6/30/24	Keith Jennings, Chairman of the Board of County Commissioners

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

GARY CHOATE
District No. 1
14097 Old Highway 99
Konawa, OK 74849
(580) 925-3692
FAX (580) 925-3133

TIM PORTER
District No. 2
1005 E. Strother
Seminole, OK 74868
(405) 382-4035
FAX (405) 382-3363

KEITH JENNINGS
District No. 3
12845 NS 3650
Wewoka, OK 74884
(405) 257-3652
FAX (405) 257-3560



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

FINANCIAL AUDIT FINDINGS

Finding 2008-001

Disaster Recovery Plan

Finding Summary: The County Clerk and County Treasurer do not have a Disaster Recovery Plan that addresses how critical information and systems would be restored in the event of a disaster.

Status: Corrective action was taken.

Finding 2008-002, 2019-001, 2020-001

Internal Controls over Information Technology

Finding Summary: Upon review of the computer systems within the office of the County Treasurer, County Assessor and County Clerk, it was noted that there does not appear to be adequate internal controls in place safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Status: Partially corrected. County Clerk I agree with finding and will implement changes.

Finding 2008-003, 2012-001, 2013-001, 2014--001

County-Wide Controls

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

Status: Corrective action was taken.

Finding 2008-004, 2012-004, 2013-004, 2014-004

Segregation of Duties--County Treasurer's Office

Finding Summary: There is not an adequate segregation of duties within the Treasurer's Office.

Status: Corrective action was taken.

Finding 2008-008, 2012-005, 2013-005, 2014-005, 2019-003, 2020-003

Segregation of Duties-Purchasing

Finding Summary: There is not an adequate segregation of duties regarding the expenditures process.

Status: No corrective action was taken. The system we now use has allowed us to streamline the purchase order process. The requisitions are created electronically by the requisitioning departments and submitted to the purchasing agent. We have also implemented the use of digital signatures and we feel all of these things help to segregate the duties.

Purchase orders are totaled twice by deputies before being entered into the system to pay warrants, the system totals all warrants being entered for payment to compare they match. Deputies will start verifying the po's to the warrants and signing the verification report after warrants are ran.

To go back and write mailed will require more time, which is already restricted for a two-person office. It is already implied that all checks not personally signed for or delivered by eft are mailed.

The jail disbursement warrants are signed by the Board of County Commissioners per a District Attorney opinion.

Our office stamps all purchase orders that are not timely encumbered with a red stamp, and we will encourage all county offices to attend purchasing classes to gain a better understanding of the purchasing procedures. The bottom certification of

the purchase order will be signed going forward. All offices will be reminded that all purchase orders must have proper supporting documentation for all purchases.

Finding 2008-009, 2012-006, 2013-006, 2014-006, 2019-004, 2020-004

Segregation of Duties-Payroll

Finding Summary: There is not an adequate segregation of duties regarding the payroll process.

Status: No corrective action was taken. All deputies participate in the payroll process we will ensure that we will maintain support for all of our review processes and when this process is being documented going forward, we will provide support to the auditors.

Finding 2008-015

Expenditures Test

Finding Summary: Of the 13 expenditures tested, the following exceptions were noted:

- Six (6) expenditures tested were not timely encumbered.
- One (1) purchase order could not be located.

Status: Partially corrected. Our office stamps all purchase orders that are not timely encumbered with a red stamp, and we will encourage all county offices to attend purchasing classes to gain a better understanding of the purchasing procedures. The bottom certification of the purchase order will be signed going forward. All offices will be reminded that all purchase orders must have proper supporting documentation for all purchases.

Finding 2008-007

Sheriff Credit Card Expenditures

Finding Summary: During fraud risk interviews, it was brought to OSAI's attention that the County Sheriff had a credit card and improper expenditures may have been made. OSAI tested all credit card purchases made by the County Sheriff. Of the 20 expenditures related to the card, the following exceptions were noted:

- Eight (8) expenditures tested were not timely encumbered.
- Eight (8) expenditures did not have invoices.

Status: Corrective action was taken.

Finding 2008-010

Bank Account not on General Ledger – Sheriff

Finding Summary: Confirmations were sent to banks requesting accounts and balances of accounts using Seminole County's federal ID number. We noted that the following account was not on the County Treasurer's General Ledger: First National Bank of Wewoka, Account-Seminole County Sheriff's Explorers.

Status: Corrective action was taken.

FEDERAL AUDIT FINDINGS

Finding 2008-016

Lack of Internal Controls over Major Programs - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Grant Award Number: 1707, 1712, 1718, 1723, and 1754

Federal Award Year: 2008

Control Category: Activities Allowed/Unallowed; Allowable Costs/Cost Principles; Cash Management; Level of Effort/Earmarking; Period of Availability; Procurement, Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Seminole County has not established internal controls to ensure compliance with the following compliance requirements: Activities Allowed/Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching Level of Effort/Earmarking; Period of Availability; Procurement, Suspension and Debarment; and Special Tests and Provisions.

Status: No corrective action was taken. Seminole County strives to gain more understanding and knowledge of requirements

and will continue to implement more internal controls to ensure we follow all federal grant requirement.

Finding 2008-017

Lack of Supporting Documentation - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Grant Award Number: 1707, 1718, and 1754

Federal Award Year: 2008

Control Category: Activities Allowed/Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching Level of Effort/Earmarking; Period of Availability; Procurement, Suspension and Debarment

Questioned Costs: \$6,717.00

Finding Summary: The following were noted regarding supporting documentation: Supporting documentation could not be located for multiple project worksheets. A project worksheet showed reimbursement for work performed was received before the project was finished. Materials that were charged to this project worksheet were not properly supported.

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

Finding 2008-018

Scope of Work not Met - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Grant Award Number: 1718 and 1723

Federal Award Year: 2008

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

Questioned Costs: \$13,361.59

Finding Summary: It appears the scope of work was not met for the following projects: PW#18, PW#20, PW#21, PW #29

Status: Seminole County Board of County Commissioners do not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal Clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not be issued.

Finding 2008-019

Supporting Documentation - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Grant Award Number: 1754

Federal Award Year: 2008

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

Questioned Costs: \$37,823.46

Finding Summary: The County could not provide documentation to support administrative costs in the amount of \$37,823.46.

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

Finding 2008-020

Supporting Documentation – Administration Fees

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Grant Award Number: 1678, 1707, 1712, 1718, 1723, and 1754

Federal Award Year: 2008

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

Questioned Costs: \$13,361.59

Finding Summary: It appears the scope of work was not met for the following projects: PW#18, PW#20, PW#21, and PW#29

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

Finding 2008-021

County-Wide Controls over Major Programs

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Grant Award Number: 1678, 1707, 1712, 1718, 1723, and 1754

Federal Award Year: 2008

Control Category: Activities Allowed/Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching Level of Effort/Earmarking; Period of Availability; Procurement, Suspension and Debarment; and Special Test and Provisions

Questioned Costs: \$-0-

Finding Summary: County-Wide Controls regarding Risk Management and Monitoring have not been designed.

Status: No corrective action taken. We are working on setting policies and procedures for federal programs. Seminole County will work with all County officials to discuss grants and federal monies Seminole County receives to ensure that proper internal controls are implemented during our quarterly meetings.

O·K·L·A·H·O·M·A
SAI
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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