



SEMINOLE COUNTY

Operational Audit

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**SEMINOLE COUNTY OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.



Cindy Byrd, CPA | State Auditor & Inspector

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

June 7, 2019

**TO THE CITIZENS OF
SEMINOLE COUNTY, OKLAHOMA**

Transmitted herewith is the audit report of Seminole County for the fiscal year ended June 30, 2018.

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.

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**SEMINOLE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

OPERATIONAL AUDIT REPORT

Introductory Section (Unaudited)

County Officials.....	ii
Sales Tax Distribution.....	iii

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2018.....	1
--	---

Description of County Funds and Transfers	2
---	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County General Fund.....	6
--	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	8
--	---

Purpose, Scope, and Sample Methodology.....	9
---	---

Objectives and Results of Operational Audit.....	10
--	----

REPORT ON STATUTORY COMPLIANCE - OTHER MATTERS

Statutory Report	21
------------------------	----

Schedule of Findings and Responses	22
--	----

**SEMINOLE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Board of County Commissioners

District 1 – Gary Choate
District 2 – Tim Porter
District 3 – John Kirby

County Assessor

Denise Bailey

County Clerk

Tahasha Wilcots

County Sheriff

Shannon Smith

County Treasurer

Lisa Turpin

Court Clerk

Kim Davis

District Attorney

Paul Smith

**SEMINOLE COUNTY, OKLAHOMA
SALES TAX DISTRIBUTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Sales Tax

Sales Tax of November 7, 2006

The voters of Seminole County approved an additional 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 Tax 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 County Highway Sales Tax fund.
- 20 percent – county sheriff. These funds are accounted for in the Sheriff Sales Tax fund.
- 20 percent – county general government for the maintenance and operations on County property and operating expenses. These funds are accounted for in the County General Sales Tax fund.

Sales Tax of June 28, 2016

The voters of Seminole County approved a continuation of the terminating one-quarter percent (1/4%) sales tax for a term of five (5) years beginning January 1, 2017. Proceeds of 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 fund.
- 30.83 percent – to the County-wide 911 service. These funds are accounted for in the E-911 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 Tax fund.
- 5.75 percent – Divided equally between Seminole, Wewoka, and Konawa police departments. These funds are accounted for in the Police Tax fund.

During the fiscal year the County collected \$3,032,850 in total sales tax.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2018

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
County Funds:						
County General Fund	\$ 1,232,237	\$ 2,552,609	\$ 9,418	\$ -	\$ 2,445,018	\$ 1,349,246
County Highway	2,774,446	3,053,597	194,914	-	3,335,982	2,686,975
Resale Property	712,970	185,051	-	-	110,255	787,766
County Health	529,609	451,738	-	-	445,522	535,825
County General Sales Tax	740,818	265,230	-	-	483,719	522,329
County Highway Sales Tax	817,597	727,884	-	-	725,845	819,636
Sheriff Sales Tax	170,652	242,628	-	-	320,524	92,756
Treasurer Mortgage Tax Certification Fee	18,674	3,130	-	-	2,980	18,824
County Clerk Lien Fee	56,592	20,766	-	-	46,159	31,199
Sheriff Service Fee	181,301	200,241	-	-	251,745	129,797
Sheriff Transport B4	205,867	300,837	-	-	425,422	81,282
L.E.P.C	3,586	1,000	-	-	-	4,586
Local Emergency Planning Committee Grant	100	-	-	-	-	100
Flood Plain	50	-	-	-	-	50
Solid Waste - Trash Fund	6,065	-	-	-	-	6,065
Special Project BIA - Road	79,677	-	-	-	-	79,677
Assessor Revolving Fund	13,934	3,348	-	-	3,515	13,767
County Clerk Preservation	48,593	35,183	-	-	56,981	26,795
Sheriff Commissary Fund	988	17,685	-	-	688	17,985
E-911	63,145	305,503	-	-	248,674	119,974
E-911 Tax	26,756	187,005	-	-	181,763	31,998
Pipeline Use Tax	536,751	799	-	-	-	537,550
Ambulance Tax	104,641	263,086	-	-	252,479	115,248
Police Tax	139,061	-	-	-	36,667	102,394
CDBG Fairground Grant	2,015	-	-	-	-	2,015
Sheriff Donation	2,904	-	-	-	-	2,904
Jail Tax	583,060	1,214,249	-	-	1,235,800	561,509
Fire Tax	217,068	-	-	-	88,166	128,902
Emergency Management Fund	1,033	-	-	-	-	1,033
CBRI 105	789,981	211,020	-	194,914	37,235	768,852
Sheriff Special Operation Team	908	-	-	-	-	908
CBRI 103	14,446	-	-	-	4,450	9,996
FEMA	246,855	-	-	-	-	246,855
Fire Tax 2	138,175	123,512	-	-	55,204	206,483
Mental Health and Drug Court	11,396	156,307	-	-	154,891	12,812
Seminole County Extension Building Fund	351	-	-	-	-	351
County Clerk Petty Cash	180	-	-	-	-	180
Cash in Offices	412	-	-	-	-	412
Use Tax	111,405	262,348	-	-	-	373,753
Police Tax 3	8,276	36,853	-	-	15,419	29,710
Little Cemetery Chapel Donation Fund	9,804	5,517	-	-	12,602	2,719
CAMTA (Child Abuse Multidisciplinary Team Account)	8,655	9,418	-	9,418	6,943	1,712
Combined Total - All County Funds	\$ 10,611,034	\$ 10,836,544	\$ 204,332	\$ 204,332	\$ 10,984,648	\$ 10,462,930

Source: County Treasurer's Monthly Reports (presented for informational purposes)

**SEMINOLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Description of County Funds

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 within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

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

County Highway – 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 disposition of sale as restricted by statute.

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

County General Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

County Highway Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

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

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

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

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

Sheriff Transport B4 – 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.

L.E.P.C – accounts for state funds received for local emergency planning.

SEMINOLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

Solid Waste – Trash Fund – 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 Fund – accounts for fees collected for copies restricted by state statute.

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

Sheriff Commissary Fund – accounts for collection of fees transferred from inmate trust funds for commissary items and disbursement of funds as restricted by state statute.

E-911 – accounts for monies received from private telephone companies for the operation of emergency 911 services.

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

Pipeline Use Tax – accounts for the collection of use tax revenue from pipelines running across Seminole County and the disbursement of funds as restricted by the Board of County Commissioners.

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

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

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

Sheriff Donation – accounts for donations to the Sheriff's department and the disbursements are for the operation of the Sheriff's office.

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

SEMINOLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

CBRI 105 – accounts for state, local, and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

Sheriff Special Operation Team – accounts for collection of funds from a fundraising effort by the County Sheriff and area police departments. Disbursements are for the purchase of equipment.

CBRI 103 – accounts for state receipts and disbursements are for the purpose of maintaining county bridges.

FEMA – accounts for federal funds to be used for disaster recovery FEMA projects.

Fire Tax 2 – 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.

Seminole County Extension Building Fund – accounts for the donations given to the OSU Extension office to construct an office at the fairgrounds.

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

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

Little Cemetery Chapel Donation Fund – accounts for the donations given to the Little Cemetery to remodel the chapel.

SEMINOLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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.

Interfund Transfers

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

- \$9,418 was transferred from the Child Abuse Multidisciplinary Team Account Fund to the County General Fund for the reimbursement of a loan until funds from the state were received.
- \$194,914 was transferred from the CBRI 105 fund to the County Highway fund for the reimbursement of expenditures for road projects.

SEMINOLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,232,237	\$ 1,232,237	\$ -
Less: Prior Year Outstanding Warrants	(109,538)	(109,538)	-
Less: Prior Year Encumbrances	(83,090)	(72,544)	10,546
Beginning Cash Balances, Budgetary Basis	1,039,609	1,050,155	10,546
Receipts:			
Ad Valorem Taxes	1,722,295	1,800,294	77,999
Charges for Services	239,808	270,171	30,363
Intergovernmental Revenues	361,562	370,963	9,401
Miscellaneous Revenues	108,783	111,181	2,398
Total Receipts, Budgetary Basis	2,432,448	2,552,609	120,161
Expenditures:			
County Sheriff	614,520	578,736	35,784
County Treasurer	139,158	138,401	757
County Commissioners	28,200	17,538	10,662
County Commissioners OSU Extension	28,674	18,208	10,466
County Clerk	176,651	185,638	(8,987)
Court Clerk	172,660	164,600	8,060
County Assessor	173,436	169,649	3,787
Revaluation	301,681	259,802	41,879
District Court	175,122	154,464	20,658
General Government	748,979	247,083	501,896
Excise Equalization	4,972	3,146	1,826
County Election Expense	72,957	59,381	13,576
Insurance - Benefits	695,821	481,567	214,254
Emergency Management	10,000	508	9,492
CAMTA	21,237	13,933	7,304
County Audit Budget Account	26,160	1,582	24,578
County Cemetery Account	58,529	7,940	50,589
Free Fair Budget Account	23,300	17,373	5,927
Other Deductions	-	213	(213)
Provision for Interest	-	-	-
Total Expenditures, Budgetary Basis	3,472,057	2,519,762	952,295

Continued on next page

Source: County Estimate of Needs (presented for informational purposes)

SEMINOLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	1,083,002	\$ 1,083,002
Interfund Transfers:			
Interfund Transfer In		9,418	
Net Interfund Transfers		9,418	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		577	
Add: Current Year Outstanding Warrants		165,145	
Add: Current Year Encumbrances		91,104	
Ending Cash Balance		\$ 1,349,246	

Source: County Estimate of Needs (presented for informational purposes)

SEMINOLE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 529,609	\$ 529,609	\$ -
Less: Prior Year Outstanding Warrants	(21,271)	(21,271)	-
Less: Prior Year Encumbrances	(29,453)	(22,011)	7,442
Beginning Cash Balances, Budgetary Basis	478,885	486,327	7,442
Receipts:			
Ad Valorem Taxes	430,574	450,074	19,500
Intergovernmental Revenues	-	7	7
Miscellaneous Revenues	337	1,657	1,320
Total Receipts, Budgetary Basis	430,911	451,738	20,827
Expenditures:			
County Health Budget Account	909,796	474,119	435,677
Total Expenditures, Budgetary Basis	909,796	474,119	435,677
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	463,946	\$ 463,946
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		47	
Add: Current Year Encumbrances		45,795	
Add: Current Year Outstanding Warrants		26,037	
Ending Cash Balance		\$ 535,825	

Source: County Estimate of Needs (presented for informational purposes)

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PURPOSE, SCOPE, AND SAMPLE METHODOLOGY

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2018.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the County's operations. Further details regarding our methodology are included under each objective.

We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

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.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Objective 1: To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2018.

Conclusion: With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports. However, we noted some deficiencies in internal controls regarding the financial reporting process.

Objective 1 Methodology: To accomplish objective 1, we performed the following:

- Evaluated significant internal controls related to preparing the Treasurer's Monthly Reports, which included:
 - Reviewing a random sample of three (3) Treasurer's monthly reports (25% of months in the population tested) to ensure the monthly reports were signed and approved by someone other than the preparer, reconciled to the general ledger, and reconciled to the bank statement.
 - Reviewing a random sample of six (6) bank statements and related bank reconciliations (8% of the total bank statements in the population tested) to ensure bank reconciliations were signed and approved by someone other than the preparer and correctly reconciled to the bank statement.
- Reconciled total collections from the monthly reports to the apportionments ledger for each month and to the annual summary of the Treasurer's reports.
- Confirmed \$9,169,896 in cash receipts (85% of total cash receipts) received from the Oklahoma Tax Commission, Federal grantor agencies, and the State Treasurer's Office, and determined that these receipts were apportioned to the proper fund in the proper amount.
- Prepared a general ledger schedule of cash and investments at June 30 to ensure the schedule reconciled to the annual summary of the Treasurer's reports.
- Confirmed all cash and investment balances.
- Re-performed the June 30 bank reconciliation and confirmed reconciling items.
- Reviewed bank balances of all accounts at June 30 on the Treasurer's general ledger to ensure that investments were adequately secured as required by 62 O.S. § 517.4.
- Examined the Treasurer's total cash disbursements and compared it to the County Clerk's total checks and cash vouchers issued to ensure the totals reconciled.

FINDINGS AND RECOMMENDATIONS

Finding 2018-001 – Inadequate Internal Controls Over the Treasurer's Monthly Reports (Repeat Finding)

Condition: Upon inquiry, observation, review of documentation, and test work, the following was noted:

- The (IRS) Tax bank account is not listed on the general ledger.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- The Sales Tax bank account is not listed on the general ledger.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all bank accounts are reconciled, approved, and on the general ledger.

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

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that bank reconciliations be performed monthly for all accounts and reviewed by someone other than the preparer. Reconciling items should be documented with the bank statements. All bank accounts in the County's name, identified with the County's tax identification number should be included on the general ledger.

Management Response:

County Treasurer: I acknowledge this finding and have asked for assistance on how to get these accounts on the general ledger. Hopefully, with the new bookkeeping software this may get resolved.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions, and safeguarding assets from misappropriation.

Failure to perform tasks that are part of internal controls, such as reconciliation not prepared or not timely prepared are deficiencies in internal controls. Further, reconciliations should be reviewed for accuracy and performed on a monthly basis.

Finding 2018-002 – Inadequate Internal Controls Over the Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding)

Condition: The County Clerk did reconcile the appropriation ledger to the County Treasurer's general ledger for all funds.

Cause of Condition: Policies and procedures have not been designed and implemented regarding a monthly reconciliation of the County Clerk's appropriation ledger to the County Treasurer's general ledger for all county funds.

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

Recommendation: OSAI recommends that the County Clerk's appropriation ledger be reconciled monthly to the County Treasurer's general ledger. The reconciliation should be reviewed and approved by someone other than the preparer and documentation of the reconciliation should be maintained.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Management Response:

County Treasurer: I acknowledge this finding, however my office balances to the bank and after the apportionment we deliver a copy of the monthly audit report that the County Clerk's office signs for to use to balance to the Treasurer's office. I know they are in the process of getting this issue taken care of. And I have also had an employee go and help with this matter.

County Clerk: I agree with this finding as we have had change in employees of this department and the new employee has just received training to assure the County Clerk and County Treasurer's offices work to balance monthly.

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed monthly basis and document evidence of a review by someone other than the preparer.

Objective 2:	To determine the County's financial operations complied 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.
---------------------	--

Conclusion: With respect to the items tested, the County complied 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. However, internal controls over the apportionment of sales tax and approval of sales tax disbursements should be strengthen.

Objective 2 Methodology: To accomplish objective 2, we performed the following:

- Evaluated significant internal controls related to sales tax, which included:
 - Reviewing sales tax collections to ensure the collection was apportioned and appropriated in accordance with the sales tax ballot and that the apportionment and appropriation were reviewed and approved.
 - Reviewing a random sample of sales tax disbursements totaling \$15,176 (1% of sales tax disbursements in the population tested) to ensure the expenditure was approved and made for the purposes designated in the sales tax ballot.
- Confirmed all sales tax receipts received from the Oklahoma Tax Commission.

FINDINGS AND RECOMMENDATIONS

Finding 2018-003 – Inadequate Internal Controls and Noncompliance with Sales Tax Agreement

Condition: On November 7th, 2006 the voters of Seminole County approved an additional 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 each year all monies generated 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.

Each month 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. The monies are then special apportioned to the Jail Tax/Seminole County Public Building Authority fund.

Additionally, we noted that the County Sheriff has been operating the County Jail, but there is no contract between the Authority and the County Sheriff for such services.

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 state statute.

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 tax be apportioned in accordance with the sales tax ballot as approved by the voters of the County in accordance with 68 O.S. § 1370E. Additionally, the Authority should operate the jail or formally contract with the Board of County Commissioners and County Sheriff to operate jail.

Management Response:

Chairman of the Board of County Commissioners, County Clerk, and County Treasurer: We, Seminole County acknowledge this finding. We are in discussion with our District Attorney at this time for guidance into this matter.

Criteria: 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

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Finding 2018-004 – Inadequate Internal Controls and Noncompliance Over Sales Tax Disbursements

Condition: The test of forty (40) sales tax disbursements reflected the following exceptions:

- Three (3) were not properly approved.

Cause of Condition: Policies and procedures have not been designed with regard to the sales tax disbursements to ensure adequate internal controls and compliance with state statute.

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

Recommendation: OSAI recommends that the County adhere to state purchasing guidelines. Disbursements should be approved by a majority of the Board of County Commissioners prior to payment.

Management Response:

Chairman of the Board of County Commissioners: Seminole County will adhere to state purchasing guidelines and disbursements will be signed by at least two members of the Board of County Commissioners.

County Clerk: I agree with the finding and will implement better oversight within the office to assure Commissioners sign everything presented at the meeting time.

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

Objective 3:	To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.
---------------------	---

Conclusion: With respect to the items tested, the County complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Objective 3 Methodology: To accomplish objective 3, we performed the following:

- Evaluated significant internal controls related to ad valorem tax collections, which included comparing the certified levies to the approved levies entered into the computer system to ensure levies were entered correctly.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- Recalculated the apportionment of ad valorem tax collections to determine collections were accurately apportioned to the taxing entities.

Objective 4: To determine whether the County's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations complied with significant laws and regulations.

Conclusion: The County's internal controls do not provide reasonable assurance that expenditures, including payroll, were accurately reported in the accounting records.

The County's financial operations did not comply with 19 O.S. § 1505, which requires that disbursements be timely encumbered, properly supported and be certified before being submitted to Board of County Commissioners.

Objective 4 Methodology: To accomplish objective 4, we performed the following:

- Evaluated significant internal controls related to the expending of County funds through purchase orders, which included reviewing a random sample of purchase orders totaling \$141,246 (1% of purchase orders in the population tested) to ensure:
 - The encumbrance was made or funds were available prior to ordering goods or services.
 - The disbursement was reviewed and authorized and supported by adequate documentation, and
 - The BOCC reviewed and approved the disbursement and the disbursement was made for the appropriate amount.
- Evaluated significant internal controls related to the expending of County funds through cash vouchers, which included reviewing a random sample of cash vouchers totaling \$7,207 (5% of cash vouchers in the population tested) to ensure:
 - The disbursement was made for the appropriate amount, and
 - The disbursement was supported by adequate documentation.
- Evaluated significant internal controls related to payroll expenditures, which included reviewing a random sample of 24 payroll claims (5% of payroll claims in the population tested) to ensure:
 - Timesheets are accurate and are signed by the employee and supervisor,
 - The payroll claim was reviewed and approved, and
 - The payroll claim was supported by adequate documentation.

FINDINGS AND RECOMMENDATIONS

Finding 2018-005 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

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

- One employee encumbers purchase orders, enters purchase orders into computer system, prepares warrants, prints warrants, takes warrants to be registered, receives registered warrants back from the County Treasurer, distributes the warrants, and can void warrants.
- The Purchasing Agent receives cash voucher claims, reviews cash vouchers for accuracy, issues cash vouchers, and prints cash vouchers.
- Purchase order numbers are issued before funds are encumbered.

The test of forty (40) disbursements reflected the following exceptions:

- Nine (9) were not timely encumbered.
- Five (5) were not certified to show that invoice, receiving report, and delivery documentation had been compared to the purchase order and any discrepancies had been reconciled, before sending to the Board of County Commissioners for consideration for payment.
- Three (3) were not supported by adequate documentation.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to the disbursement process to ensure adequate segregation of duties and compliance with state statute.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, undetected errors, inaccurate records, incomplete information, and misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the 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.

Additionally, OSAI recommends that purchase orders be certified that an invoice, receiving report, and delivery documentation have been compared to the purchase order and any discrepancies have been reconciled, before sending to the Board of County Commissioners for consideration for payment.

Further, OSAI recommends that the County implement internal control procedures to ensure compliance with purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered. Adequate supporting documentation should be attached to the purchase order, and purchase orders should be properly reviewed and approved.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Management Response:

County Clerk: I agree with the State Auditor's office finding and will do better to assist the Board of County Commissioners with implementing better policies and procedures.

- Purchase orders will no longer be given out by phone.
- Future purchase orders stamped "untimely" or "improper" will require approval from the District Attorney office in order to be paid. I have a policy to not sign the certification statement on purchase orders that we have made notes on or purchase orders that have plus adjustments as we were told at purchasing school that no plus adjustments are allowed.
- All future purchase orders will require attached documentation for payment. Even monthly lease purchase payments.
- Segregation of duties are applied as much as possible, some are not met due to limited staff and funding.

County Commissioner District 1: I took office January 3, 2019 and these findings were outside my control. I have provided training to my current personnel over proper purchasing procedures.

County Commissioner District 2: A purchase order will be encumbered before any purchase.

County Commissioner District 3: Going forward we will ensure that purchase orders are timely encumbered and are supported by adequate documentation.

Chairman of the Board of County Commissioners: Seminole County strives to educate all departments about timely encumbering and having support documentation attached to purchase order.

County Sheriff: Purchase orders will be encumbered before goods or services are ordered or purchased with the exception of emergencies, that will be noted on the purchase order.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and distribution should be segregated.

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

Finding 2018-006 – Inadequate Internal Controls Over the Payroll Process (Repeat Finding)

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

- The County Clerk enrolls new hires, maintains personnel files, inputs payroll information into the system, reviews payroll affidavits, prints and signs payroll warrants, calculates and prepares

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

withholding reports, enrolls new employees into the Oklahoma Public Employees Retirement system (OPERS), reconciles the monthly OPERS reports and marks terminated employees as inactive in payroll system.

- County Commissioner District 2 and the Sheriff's office are not filing timesheets with the County Clerk.

The test of twenty-four (24) payroll disbursements reflected the following exceptions:

- Six (6) were not supported by a timesheet.
- Two (2) timesheets were not signed by the employee.
- Two (2) timesheets were not signed by supervisor or official.
- Three (3) payroll claims/affidavits were not properly approved by the official/department head.
- One (1) payroll claim/affidavit was not approved by the majority of the Board of County Commissioners.
- One (1) payroll claim/affidavit was not supported with a W-4.

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

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

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

Further, OSAI recommends all timesheets be signed by employee and approved by the official or immediate supervisor. And all payroll claims/affidavits be approved by official or department head and be approved by the majority of the Board of County Commissioners; and be supported by adequate documentation.

Management Response:

County Clerk: I agree with this finding, even though we instruct every department to ensure that all timesheets are signed by employee and official before being submitted to the Clerk's office for filing. The Clerk's office will make better endeavors to ensure all payroll affidavits are signed by department heads at the time of Board approval before filing for record. We have created a notice to be distributed with employee W-2 forms annually to ensure all withholding information is filed and updated. Finally, the Clerk's office strives continually to segregate duties to the best of our ability with the staff and finances provided.

County Commissioner District 1: I took office January 3, 2019 and these findings were outside my control. I have since made it mandatory for all employees to sign timesheet before receiving payroll check.

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

County Commissioner District 2: All District 2 employees will sign their timesheets before paycheck is issued, and all timesheets will be filed at first meeting for the previous months pay period.

County Commissioner District 3: All timesheets will be signed in the future.

Chairman of the Board of County Commissioners: Seminole County is in agreement with the auditor's finding. We will strive to better oversee the process in which all timesheets will be signed by the appropriate party, all payroll claims, and affidavits be properly approved and supported by adequate documentation.

County Sheriff: We will turn in original timesheets to the County Clerk and keep copies for our records, all employees will be required to turn in a signed timesheet before receiving paycheck.

Emergency 911: We have implemented a policy requiring the 2nd shift supervisor to sign timesheets in the event the Director is not available to sign.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated and supporting documentation as payroll claims and timesheets should be signed and approved by the appropriate personnel.

All Objectives:

The following findings are not specific to any objective but are considered significant to all of the audit objectives.

Finding 2018-008 – Inadequate County-Wide Internal Controls (Repeat Finding)

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

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

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

**SEMINOLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Recommendation: OSAI recommends that the County design and implement procedures to identify and address risk. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners, County Treasurer and County Clerk: Seminole County will start utilizing OSAI form #500 in our risk assessment meetings.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the county faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process. Proper monitoring will ensure that controls continue to be adequate and function properly.

REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS

Seminole County
Board of County Commissioners
Seminole County Courthouse
Wewoka, Oklahoma 74884

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2018:

- All County Offices - Fixed Assets procedures (19 O.S. § 178.1, 19 O.S. § 178.2, and 69 O.S. § 645).
- All County Offices - Consumable Inventories procedures (19 O.S. § 1502 and 19 O.S. § 1504).
- Court Clerk procedures (20 O.S. § 1304 and 19 O.S. § 220).
- Inmate Trust Fund procedures (19 O.S. § 531 and 19 O.S. § 180.43).

Our statutory compliance engagement was limited to the procedures related to the statutes above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Seminole County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

June 5, 2019



**SEMINOLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-012 – Inadequate Segregation of Duties Over the Court Clerk Collection and Disbursement Processes (Repeat Finding)

Condition: Upon inquiry and observation of the records with regards to the collection and disbursement processes of the Court Fund and the Court Clerk Revolving Fund, we noted the following:

Receipting Process:

- One employee issues receipts, voids receipts, balances cash drawers, prepares official depository tickets and posts deposits.

Expenditure Process:

- One employee orders goods and services, prints vouchers, sign vouchers, mails vouchers, and reconciles reports.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to segregation of duties over all aspects of the collection and disbursement processes of Court Fund and Court Clerk Revolving Fund.

Effect of Condition: 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.

Recommendation: OSAI recommends that management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. OSAI further recommends implementing compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office and having management review and approve the accounting functions.

Management Response:

Court Clerk: Management is aware that concentration of duties and responsibilities in a limited number of individuals is not desired by auditing standards; however, the number of employees and size and layout of office make it impossible to separate processes and functions 100 percent. I have and will continue to implement procedures to reduce risks with said duties based on the recommendations of the Oklahoma State Auditor and Inspector's office.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

**SEMINOLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding 2018-013 – Inadequate Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: An audit of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- One employee retrieves funds from the drop box and kiosk, prepares the deposit, takes the deposit to bank, and maintains all bank records.
- Collections are not deposited daily.
- Deposits in the inmate trust software system are not reconciled to the bank deposits.
- Inmate Trust Fund Checking Account is not being reconciled.
- Individual inmate trust fund balances are not being reconciled to the bank statement.
- Original receipts are not being retained for all receipts that are voided.
- The County has not implemented a process for the tracking or reconciling of unclaimed funds.
- One employee has access to phone card stock, receives phone card orders from inmates, issues phone cards to be disbursed, deducts phone card sales from inmate's accounts, orders phone card stock, and maintains all phone card records.
- An inventory is not maintained on phone cards.
- A log is not maintained for phone cards that are sold to inmates.
- No documentation was retained to verify that phone services and health services contract was renewed annually.
- An annual report for the Sheriff Commissary fund was not filed with the Board of County Commissioners by January 15th.

After performing testwork regarding Inmate Trust Fund Checking Account expenditures, the following noncompliance was noted regarding the three hundred fifty-five (355) disbursements/checks tested:

- Nine (9) were issued to a vendor for commissary service.
- One (1) was issued to a Tribal Court for cash bond.
- One (1) was issued to Seminole County Sheriff's office.
- One (1) withdrawal that had a check number but was not a check.

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 are made in compliance with state statutes.

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

Recommendation: OSAI recommends the following:

**SEMINOLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- All funds received should be deposited to the Inmate Trust Fund Checking Account daily.
- Receipts be reconciled to collections received and deposited.
- Bank reconciliations should be performed on a monthly basis and be reviewed and approved by someone other than the preparer.
- Inmate trust fund monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's ledger balances and deposits should be reconciled to the bank statements each month.
- Originals of voided receipts should be retained and defaced to indicate that the receipt was voided.
- Policies and procedures should be designed and implemented to ensure disposition of inmates unclaimed property funds are handled in accordance with 22 O.S. § 1325.
- An inventory should be maintained for unsold phone cards.
- A log should be maintained for phone cards sold.
- Expenditures from the Sheriff's Inmate Trust Fund checking account should be made in accordance with 19 O.S. § 531 A.
- All contracts should be renewed and approved by the Board of County Commissioners annually.
- 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. §180.43 D.

Management Response:

County Sheriff:

- The Jail Administrator, Office Secretary and Office Manager will now share the duties of pulling money, verifying money, preparing the deposit, taking deposit to bank and maintaining bank records.
- Deposits will be made daily and will be reconciled to deposits in the inmate trust software system.
- Inmate trust fund checking account will be reconciled.
- Individual inmate trust fund balances will be reconciled to the bank statements.
- Original receipts will be retained for all receipts that are voided.
- We are working on implementing a process for tracking or reconciling unclaimed funds.
- Jail administrator, office secretary and office manager will now share the duties of ordering, issuing, deducting from inmates' accounts and maintaining records. A log will be started and maintained for cards.
- All contracts will be renewed and approved by the Board of County Commissioner annually.
- A commissary report will be filed with the Board of County Commissioners by January 15th each year.
- Expenditures will be in accordance with 19 O.S. § 531 A.

Criteria: Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an important aspect of internal controls.

**SEMINOLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis and collections deposited on a daily basis.

Title 19 O.S. § 180.43 D. states in part, "...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. § 531 A. states in part, "...the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account." The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

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

Finding 2018-014 – Inadequate Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding)

Condition: Upon inquiry of County personnel, observation, and review of documents regarding fixed asset inventories, the following was noted:

- The offices of the County Sheriff, County Clerk, Election Board, OSU Extension, County 911, Jail, County Commissioner District 1 and 3, Emergency Management County Commissioner Office, fire departments of Cromwell, Maud, Wewoka, Bowlegs, Seminole, Strother, Sasakwa, and Konowa, and Public and Ambulance services of Seminole, Wewoka and Konowa have not designed procedures to maintain and update inventory records, and perform and document annual physical counts of all fixed assets and file inventory records (OSAI Form 9005) with the County Clerk's office.

Cause of Condition: Policies and procedures have not been designed to ensure compliance with the state statutes regarding maintaining fixed assets.

**SEMINOLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Effect of Condition: These conditions resulted in noncompliance with state statutes. When fixed assets are not monitored, opportunities for misuse or loss of equipment can occur.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.3. OSAI recommends the performing and documenting of periodic inventory of fixed assets.

Management Response:

County Commissioner District 1: I took office January 3, 2019 and these findings were outside my control. I have since put a copy of our inventory records filed at the courthouse. We also filed an annual review of assets as of January 2019.

County Commissioner District 3: We now have in place procedures to maintain inventory records; an annual reconciliation is now performed, and copies submitted to the County Clerk's office.

Chairman of the Board of County Commissioners: Seminole County has provided guidance on updating and tracking inventory to all departments. While we do our best to encourage all departments are responsible for their own department.

County Clerk: The Seminole County Clerk's office will implement a better inventory record keeping system as it relates to the County Clerk office only. Additionally, the Seminole County Clerk's office has informed and continually instructs all departments purchasing equipment and inventory items required to be logged to keep their departments updated in the log books provided by our office.

County Sheriff: We will retain documentation to verify the physical inventory counts were performed. The duties of verifying will be performed by someone other than a receiving or inventory officer.

Election Board: I was not the election board secretary until December 2018. I appreciate your visit and we plan on correcting this issue by the end of this physical year 2019.

OSU Extension: We are currently in the process of examining the inventory list on file with the County Clerk's office and updating those records. We expect to have this completed by May 1st.

County 911: Seminole County dispatch is currently bringing up to date inventory sheets for all fixed assets. The sheets will be turned into the Seminole County Clerk's office by close of business Friday March 22, 2019.

County Jail: Inventory has been started on all items once completed it will be turned into the County Clerk's office and updated as necessary.

Criteria: Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

**SEMINOLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Title 19 O.S. § 178.1 states in part, “The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming into the custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased or let where authorized by statute, junked, strayed or stolen, and annually thereafter...”

Title 19 O.S. § 178.3 A. states, “The county clerk shall be custodian and repository of all inventory records, files and reports.”



Cindy Byrd, CPA | State Auditor & Inspector

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