



# WASHINGTON COUNTY

## Financial Report with Single Audit

For the fiscal year ended June 30, 2022

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

**WASHINGTON COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**OKLAHOMA**  
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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April 4, 2025

TO THE CITIZENS OF  
WASHINGTON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washington County, Oklahoma for the fiscal year ended June 30, 2022. 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

**WASHINGTON COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Board of County Commissioners**

District 1 – Mitch Antle  
District 2 – Mike Bouvier  
District 3 – Mike Dunlap

**County Assessor**

Todd Mathes

**County Clerk**

Annette Smith

**County Sheriff**

Scott Owen

**County Treasurer**

Melissa Thornbrugh

**Court Clerk**

Jill Spitzer

**District Attorney**

Kevin Buchanan

**WASHINGTON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
WASHINGTON COUNTY, OKLAHOMA

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Washington County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Washington County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Washington County as of June 30, 2022, or changes in financial position for the year then ended.

#### ***Basis for Opinions***

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

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

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

### ***Responsibilities of Management for the Financial Statement***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

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

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

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

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



### ***Supplementary Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025, on our consideration of Washington 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 Washington County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

February 25, 2025

## **REGULATORY BASIS FINANCIAL STATEMENT**

**WASHINGTON COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General Fund	\$ 4,377,962	\$ 9,172,050	\$ 196,433	\$ -	\$ 8,637,963	\$ 5,108,482
County Highway Unrestricted	906,641	2,796,808	-	-	2,483,729	1,219,720
Health	1,066,434	1,050,738	-	-	746,948	1,370,224
County Bridge and Road Improvement	1,015,563	537,069	-	-	258,976	1,293,656
Assessor Revolving Fee	3,695	2,004	-	-	-	5,699
County Clerk Lien Fee	6,680	5,781	-	-	1,993	10,468
County Clerk Records Management and Preservation	179,682	116,420	-	-	65,924	230,178
Court Clerk Payroll	25,631	139,052	-	-	137,071	27,612
Emergency Management	81,319	52,618	-	-	34,141	99,796
Local Emergency Planning Committee	1,685	1,000	-	-	1,180	1,505
Resale Property	985,496	329,567	-	117,923	408,917	788,223
Reward Fund	501	-	-	-	-	501
Sheriff Commissary	384,341	313,682	-	-	367,413	330,610
Sheriff Service Fee	615,399	695,785	-	-	506,035	805,149
Treasurer Mortgage Certification	18,339	11,135	-	-	10,657	18,817
County Donations	224,024	94,768	-	-	170,104	148,688
General Government - ST	2,001,582	3,677,776	-	752,384	2,799,414	2,127,560
Jail - ST	-	157,450	752,384	-	55,010	854,824
Occupational Assistance Grant	17,374	8,328	-	-	173	25,529
Free Fair Board	38,251	25,299	-	-	38,637	24,913
COVID Aid and Relief Fund	548,630	-	-	-	18,890	529,740
American Rescue Plan Act 2021	5,001,821	5,008,576	-	-	881,153	9,129,244
Asphalt Overlay Project	-	79,590	-	79,060	-	530
<b>Total - All County Funds as Restated</b>	<b>\$ 17,501,050</b>	<b>\$ 24,275,496</b>	<b>\$ 948,817</b>	<b>\$ 949,367</b>	<b>\$ 17,624,328</b>	<b>\$ 24,151,668</b>

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

**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Washington 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 Fund – accounts for the general operations of the government. This fund also accounts for the collection of ½ cent sales tax revenue and the disbursement of funds as restricted by the sales tax resolution for the construction, operation, and maintenance of the road and bridge system of Washington County and to equip and maintain the County Jail and other Courthouse facilities.

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

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 operations of the county health department.

County Bridge and Road Improvement – accounts for state money received for the construction and/or improvement of bridges within the County.

**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

County Clerk Lien Fee – accounts for revenues from fees charged by the County Clerk for filing liens and disbursement of funds as restricted by state statute.

County Clerk Records Management and Preservation – accounts for revenues from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records as restricted by state statute.

Court Clerk Payroll – accounts for collections from the state to pay for Court Clerk office employees’ salaries.

Emergency Management – accounts for the receipt and disbursement of funds from federal, state, and local governments for the operation of the Emergency Management office.

Local Emergency Planning Committee – accounts for revenues from an environmental protection grant. Disbursements are for the controlling of hazardous materials.

Resale Property – accounts for revenues from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Reward Fund – accounts for revenue collected in accordance with state statute and disbursements as restricted by state statute.

Sheriff Commissary – accounts for collections from commissary sales in the county jail and disbursements for the operation of the jail as restricted by state statute.

Sheriff Service Fee – accounts for the collection of sheriff process service fees to be disbursed as restricted by state statute, the collection of funding from the State Department of Corrections, local police department to be disbursed as restricted by state statute, fees collected through the courts to be disbursed for administrative expenses and supervision of offenders, and for fees collected through the courts to be disbursed for courthouse security.

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

County Donations – accounts for donations received by the Board of County Commissioners (BOCC) and disbursed for the purpose designated at the time of the donation.

General Government – ST – accounts for the collection of ¼ cent sales tax revenue and the disbursement of funds as restricted by the sales tax resolution for operating, equipping and maintaining the Washington County detention facility; operating, equipping and maintaining the Washington County emergency operations center; operating, equipping and

**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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maintaining the Washington County fairgrounds; operating, equipping and maintaining courthouse facilities and economic development opportunities prescribed in Oklahoma statutes.

Jail - ST – accounts for the collection of ¼ cent (previously ½ cent) sales tax revenue and the disbursement of funds as restricted by the sales tax resolution for the acquisition, construction, equipping, operating, and maintaining of the Washington County Detention Center.

Occupational Assistance Grant – accounts for revenues from federal, state, and local governments. Disbursements are for the purchase of communication equipment for the Emergency Management Office.

Free Fair Board – accounts for revenues from rental fees of fairgrounds and buildings. Disbursements are for the maintenance and operations of the County Fairgrounds and buildings.

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

American Rescue Plan Act 2021 – accounts for monies received from the 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.

Asphalt Overlay Project – accounts for monies received from the federal government for road project.

**C. Basis of Accounting**

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only)

**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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 May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

**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

**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

**3. Other Information**

**A. Pension Plan**

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

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.



**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**C. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; however, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**D. Sales Tax**

**Sales Tax of November 7, 2000**

On November 7, 2000, the voters of Washington County approved a permanent one-half percent (1/2%) sales tax effective December 1, 2002. This sales tax was established to provide revenue for the construction, operation and maintenance of the road and bridge system of Washington County and to equip and maintain the County Jail and other Courthouse facilities. These funds are accounted for in the County General Fund.

**Sales Tax of June 9, 2009**

On June 9, 2009, the voters of Washington County approved a one-half percent (1/2%) sales tax effective July 1, 2009. The revenue from this sales tax was pledged toward the retirement of indebtedness incurred for acquisition, construction and equipping a new Washington County Detention Facility; operating and maintaining the Washington County Detention Facility; and certain Courthouse improvements. One-quarter (1/4%) of one cent had a limited duration of ten (10) years from the date of commencement, or until the principal and interest upon indebtedness incurred on behalf of Washington County by the Washington County Correctional Facilities Authority in furtherance of the new County Detention Facility and certain Courthouse improvements was paid in full, whichever occurs earlier. This portion expired September 30, 2019. The remaining portion of such sales tax, one-quarter (1/4%) of one cent to continue until repealed by a majority of electors of Washington County. These funds are accounted for in the Jail – ST fund.

**Sales Tax of July 19, 2019**

On July 9, 2019, the voters of Washington County approved a new sales tax by authorizing a levy of one-quarter (1/4%) of one cent sales tax to be used for operating, equipping and maintaining the Washington County detention facility; operating, equipping and maintaining the Washington County emergency operations center; operating, equipping and maintaining the Washington County fairgrounds; operating, equipping and maintaining courthouse facilities and economic

**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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development opportunities prescribed in Oklahoma statutes. This sales tax began October 1, 2019, and is to continue until repealed by a majority of electors of Washington County. These funds are accounted for in the General Government – ST fund.

**E. Interfund Transfers**

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

- \$752,384 was transferred from the General Government – ST fund to the Jail – ST fund to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.
- \$117,373 was transferred from the Resale Property fund to the County General Fund in accordance with 68 O.S. § 3137.
- \$550 was transferred from the Resale Property fund to the Change Fund (a trust and agency fund) to establish the Change Fund.
- \$79,060 was transferred from the Asphalt Overlay Project fund to the County General Sales Tax account, held within the County General Fund, to repay the remaining portion of a fiscal year 19 loan, in accordance with 68 O.S. § 3021.

**F. Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. Washington County Mental Health and Drug Court funds were reclassified as trust and agency funds as they are under the direction of the Oklahoma Department of Mental Health and Substance Abuse.

Prior year ending balance, as reported	\$17,528,239
Funds reclassified as Trust and Agency Funds:	
Washington County Mental Health reclassified from a County Fund to a Trust and Agency fund	12,140
Funds reclassified as Trust and Agency Funds:	
Drug Court reclassified from a County Fund to a Trust and Agency fund	<u>15,049</u>
Prior year ending balance, as restated	<u>\$17,501,050</u>

## **SUPPLEMENTARY INFORMATION**

**WASHINGTON COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 37,750	\$ 37,676	\$ 74
County Sheriff	1,180,029	1,174,808	5,221
County Treasurer	302,060	298,806	3,254
County Commissioners	329,501	322,108	7,393
County Commissioners O.S.U. Extension	125,314	102,076	23,238
County Clerk	457,527	407,154	50,373
Court Clerk	550,822	516,848	33,974
County Assessor	254,810	252,604	2,206
Revaluation of Real Property	469,911	444,377	25,534
Contracted Juvenile Detention	35,000	25,180	9,820
General Government	1,866,873	532,175	1,334,698
Excise - Equalization Board	2,400	1,446	954
County Election Expense	287,018	284,796	2,222
Insurance - Benefits	186,809	178,459	8,350
County Purchasing Agent	78,001	65,239	12,762
Information Technology	389,602	340,310	49,292
Emergency Management	4	-	4
Charity	1,500	500	1,000
Economic Development	1	-	1
E911 Coordinator	71,271	71,232	39
County Audit Budget Account	85,536	13,244	72,292
Free Fair Budget Account	8,005	8,000	5
Volunteer Fire	13,001	12,964	37
Sales Tax General	1,322,775	65,748	1,257,027
Sales Tax Building Maintenance	217,500	206,007	11,493
Sales Tax Jail	1,091,976	1,091,668	308
Sales Tax District 1	721,090	719,979	1,111
Sales Tax District 2	700,001	689,263	10,738
Sales Tax District 3	870,135	822,864	47,271
Total Expenditures, Budgetary Basis	<u>\$ 11,656,222</u>	<u>\$ 8,685,531</u>	<u>\$ 2,970,691</u>

**WASHINGTON COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,908,216	\$ 779,608	\$ 1,128,608
Total Expenditures, Budgetary Basis	\$ 1,908,216	\$ 779,608	\$ 1,128,608

**WASHINGTON COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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**

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Direct Grant:			
Payments in Lieu of Taxes	15.226		39,967
Passed Through Oklahoma State Treasurer:			
Flood Control Act Lands	15.433	FY2021 FLOOD CONTROL	\$ 700
Total U.S. Department of Interior			<u>40,667</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed Through the Oklahoma State Bureau of Investigation:			
Missing Children's Assistance	16.543	Internet Crimes Against Children	12,509
Total U.S. Department of Justice			<u>12,509</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Direct Grant:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		881,154
Total U.S. Department of Treasury			<u>881,154</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG - 2021 2020-EMPG	45,000
Emergency Management Performance Grant	97.042	EMT-2020-EP-00002	5,500
Total U.S. Department of Homeland Security			<u>50,500</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 984,830</u>



**WASHINGTON COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Basis of Presentation

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

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

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

TO THE OFFICERS OF  
WASHINGTON COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Washington County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Washington County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 25, 2025.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2022-001 and 2022-003.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washington County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-003.

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

### **Washington County's Response to Findings**

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

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

February 25, 2025



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

TO THE OFFICERS OF  
WASHINGTON COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Washington County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Washington County's major federal program for the year ended June 30, 2022. Washington County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

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

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-012	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Procurement and Suspension and Debarment; Reporting; and Subrecipient Monitoring
2022-013	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Procurement and Suspension and Debarment; Reporting; and Subrecipient Monitoring

### ***Washington County's Response to Findings***

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

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

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

February 25, 2025

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SECTION 1—Summary of Auditor's Results**

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? ..... No

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: ..... Unmodified

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

Identification of Major Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery  
Funds

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

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



**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 2022-001 – Lack of County-Wide Internal Controls and Disaster Recovery Plans (Repeat Finding – 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure the following weakness were noted:

- Although the County addresses some aspects of county-wide internal controls during their monthly budget board meeting, county-wide internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring could be strengthened.
- The District 1 Commissioner, District 2 Commissioner, and District 3 Commissioner have not designed a Disaster Recovery Plan over information systems operating within each office.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that an adequate system of County-wide controls exists and to ensure all county offices have a Disaster Recovery Plan.

**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. Further, the lack of a Disaster Recovery Plan could also result in the loss of data, the unreliability of data, and increase the risk that the County may not recover from an emergency and/or disaster in a timely manner.

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

OSAI further recommends all officials have a formal Disaster Recovery Plan for their office in order to maintain operations in the event of a disaster.

**Management Response:**

**Chairman of the Board of County Commissioners/District 1 County Commissioner:** Washington County Oklahoma is in the repeated process of review of our disaster response. Our plans are voluminous and many. To the specific point of OSAI, our recovery methodology concerning continuity of operations is very simple and involves what I would consider to be an exemplar of disaster recovery. We have staged equipment, manpower and materials in at least three locations spread out within the County. The likelihood of a disaster of the scope necessary to negate these assets would make moot the point of recovery. District 1 now has a Disaster Recovery Plan in place.

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**District 2 County Commissioner:** I was not in office the year audited, but I will work with the other elected officials to ensure the county designs and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure information is communicated effectively. Also, the design of monitoring procedures to assess the quality of performance of overtime written in policies and procedures included in the county's policies and procedures handbook.

**District 3 County Commissioner:** As Elected Officials, we have been working to improve our monitoring of risks related to financial reporting and to ensure information is communicated effectively. District 3 now has a Disaster Recovery Plan in place.

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

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

*Definition of Internal Control*

Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Further, an important aspect of internal controls is the safeguarding of assets which includes adequate Disaster Recovery Plans. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention in a county being unable to function in the event of a disaster.

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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According to the standards of the Information Systems Audit and Control Association (CobiT Delivery and Support 4), information services function management should ensure that a written Disaster Recovery Plan is documented and contains guidelines and instructions for the County to follow in the event of a disaster.

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

**Finding 2022-003 – Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding – 2021-004)**

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

A sample of forty-six (46) out of fifty-three thousand, three hundred thirty-nine (53,339) expenditures reflected the following:

- One (1) expenditure in the amount of \$164,425 was not made for the appropriate amount.
- Two (2) expenditures totaling \$257,859 were not encumbered prior to receiving goods and/or services.
- One (1) expenditure in the amount of \$5,000 was not supported by adequate documentation.

Due to the lack of invoice, we were unable to determine if the expenditure was:

- Charged to the proper fund and account.
- Made for the appropriate amount.
- Charged to the proper period.
- Encumbered prior to the receiving of goods and/or services.
- One (1) expenditure in the amount of \$153,502 was not charged to the proper period.

Of this \$153,502 expenditure, \$54,652 was for service agreements that extend past the end of the fiscal year.

Additionally, we noted the county does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction. The responsibility for encumbering a purchase order and preparing the warrant are not always segregated.

**Cause of Condition:** Policies and procedures have not been fully implemented with regard to the disbursement process to ensure compliance with state statute and to ensure duties are adequately segregated.

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Effect of Condition:** These conditions resulted in noncompliance with state statute and AG Opinion and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds and a financial burden on the County.

**Recommendation:** OSAI recommends that the County adhere to state purchasing guidelines to ensure encumbrances are made before goods and services are ordered and to ensure availability of funds in accordance with state statute and AG Opinion. Additionally, OSAI recommends that the County ensure the duties of recording a transaction and processing the transaction are adequately segregated.

Further, OSAI recommends that the County ensure expenditures are supported by adequate documentation, are issued for the proper amount, and monies are expended for goods/services received in the fiscal year.

**Management Response:**

**District 1 County Commissioner:** These errors were complete oversights by the administration of this office. All associated staff has been counseled regarding strict adherence to County Purchasing Procedures and have changed the process by which we will encumber funds to more closely align with law.

**District 3 County Commissioner:** My staff has been advised as to the importance of following County Purchasing Procedures. There have been continuing education classes taken and cross checking all purchase orders with the Clerk's office.

**County Clerk:** We strive to have a segregation of duties in our office. However, we also cross train in order to ensure duties can be carried out in case of absences. Our software has always had a log to show who processes and the responsibilities of each employee.

**County Sheriff:** Our office will strive to adhere to state purchasing guidelines to ensure that encumbrances are made prior to the ordering of goods and services to assure the availability of funds per OSAI recommendations.

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

*Objectives of an Entity – Compliance Objectives*

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

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

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

*Segregation of duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Attorney General Opinion 97-098 Paragraph 6 states in part,

“pursuant to Article X, § 17 [...], payments may not be made before work is performed” and that “contractual payments may [not] be made in advance of performance of work”.

**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 2022-012 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds (Repeat Finding 2021-011)**

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING:** 21.027

**FEDERAL PROGRAM NAME:** Coronavirus State and Local Fiscal Recovery Funds

**FEDERAL AWARD NUMBER:** SLFRP4587

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**FEDERAL AWARD YEAR:** 2022

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

**QUESTIONED COSTS:** - \$0 -

**Condition:** Through the process of gaining an understanding of the County's internal control structure for federal programs, it was noted that county-wide internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed. The following deficiencies were noted:

- The BOCC is aware there are compliance supplement requirements; however, they are not aware of the specifics of the requirements and there is no one assigned to keep up with the compliance requirements.
- There is no evidence federal expenditures are presented to the BOCC in an open meeting prior to submission to the awarding agency.
- The risks of incorrect financial reporting, resulting from fraud or error, for the Schedule of Expenditures of Federal Awards (SEFA) are not addressed verbally or in written communication.
- The County is relying on the Clerk and Treasurer to ensure the accuracy of the SEFA.
- The individual submitting reports to the U.S. Department of the Treasury is using credentials assigned to someone else.

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

**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, misappropriation of funds, and noncompliance with federal grant requirements.

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

**Management Response:**

**District 1 County Commissioner:** Not by way of excuse, but truly in response, the Federal programs associated with the COVID response were unnecessarily arduous and created confusion at all levels of government. While the monetary response was accepted, the premise of these programs was nothing more than an administrative shell game. From the outset of the response, guidance was termed as "interim", then "final Interim" and finally, "final" (redundancy intentional). The intent of our national level leadership became more apparent as these programs progressed with each iteration of programming being reliant on returned funds from the previous. Without grandstanding, I will simply say that no entity, regardless of their planning with these programs, will be found as fully compliant. As these programs have a sunset in the near term, I suspect these findings will disappear.

**District 2 County Commissioner:** I was not in office the year audited, but I will work with other elected officials to implement a system of internal controls to ensure compliance with grants requirements.

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**District 3 County Commissioner:** The elected officials will work together to implement a system of internal controls to ensure compliance with grant requirements.

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

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

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

**Finding 2022-013 – Lack of Internal Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds (Repeat Finding 2021-012)**

**FEDERAL AGENCY:** U.S. Department of Treasury  
**ASSISTANCE LISTING:** 21.027

**WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**FEDERAL PROGRAM NAME:** Coronavirus State and Local Fiscal Recovery Funds

**FEDERAL AWARD NUMBER:** SLFRP4587

**FEDERAL AWARD YEAR:** 2022

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

**QUESTIONED COSTS:** -\$0-

**Condition:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that Washington County has deficiencies in procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Procurement and Suspension and Debarment; Reporting; and Subrecipient Monitoring.

- Expenditures are not reviewed for Activities Allowed or Unallowed and Allowable Costs/Costs Principles.
- The Interim and Project and Expenditure reports are not approved by the BOCC prior to submission.
- Additionally, the contract with a subrecipient was not renewed annually, nor was the full contract amount encumbered at the time the contract was initiated.
- The County has not established Subrecipient Monitoring Procedures.
  - The County did not enforce the reporting requirements as set out in the Subrecipient Agreement. The subrecipient submitted quarterly reports for Quarter 1 and Quarter 2 to the BOCC on August 8, 2022.

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

**Effect of Condition:** This condition attributed to the noncompliance with grant requirements and could lead to the loss of federal funds to the County.

**Recommendation:** OSAI recommends the County gain an understanding of requirements for this program and implement internal control procedures to ensure compliance with all requirements.

**Management Response:**

**District 1 County Commissioner:** Not by way of excuse, but truly in response, the Federal programs associated with the COVID response were unnecessarily arduous and created confusion at all levels of government. While the monetary response was accepted, the premise of these programs was nothing more than an administrative shell game. From the outset of the response, guidance was termed as "interim", then "final Interim" and finally, "final" (redundancy intentional). The intent of our national level leadership became more apparent as these programs progressed with each iteration of programming being reliant on returned funds from the previous. Without grandstanding, I will simply say that no entity, regardless of their planning with these programs, will be found as fully compliant. As these programs have a sunset in the near term, I suspect these findings will disappear.



**WASHINGTON COUNTY, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**District 2 County Commissioner:** I was not in office the year audited, but I will work with the other elected officials to Implement a system of internal controls to ensure compliance with grant requirements.

**District 3 County Commissioner:** The elected officials will establish sub-recipient monitoring procedures to remain compliant with all requirements for this type of program.

**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).

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

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Activities – The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.

**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 2022-011– Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary (Repeat Finding)**

**Condition:** Upon inquiry, observation of procedures and records, and testwork performed, OSAI noted the following regarding the Inmate Trust Fund checking account and Sheriff Commissary:

**WASHINGTON COUNTY, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Sheriff Commissary:**

- The 2022 Commissary Report did not reconcile to the Treasurer's general ledger ending balance as of December 30, 2021. There was a variance of \$138,689.
- The 2022 Commissary Report was not approved by the BOCC prior to January 15, 2022, as required by Title 19 § 180.43(D).

Additionally, we noted the County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.

- One employee is responsible for:
  - preparing requisition orders for the commissary,
  - maintaining and updating commissary inventory records,
  - calculating sales tax to be paid,
  - and issuing checks from the Inmate Trust Fund Checking Account.

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

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

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

OSAI additionally recommends that the County complies with state statute in regard to the Sheriff Commissary Report.

**Management Response:**

**County Sheriff:** I will work with the County Treasurer to examine and correct any variances between the Treasurer's General Ledger and the Commissary Report. I will implement and write policy to require proper filing of the Commissary Report to the Board of Commissioners before January 15th each year as required by Title 19 O.S. Section 180.43(D). I will also include in said policy the defining of segregation of duties and assignments within the commissary program and Inmate Trust Fund Checking Account. Although we have taken steps to segregate the duties to assure checks and balances within the commissary system, I feel that written policy minimizes the risk of misappropriations and will afford definition in the separation of key processes and/or critical functions within the office, thus providing for management review and approval of accounting functions.

**WASHINGTON COUNTY, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

*Establishment of review of performance measurers and indicators*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

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

*Objectives of an Entity – Compliance Objectives*

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

Furthermore, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.24 states in part:

*Safeguarding of Assets*

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

Title 19 O.S. § 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 BOCC 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.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**



## THE BOARD OF COUNTY COMMISSIONERS

Washington County Administration Building  
400 South Johnstone, Room 201  
Bartlesville, Oklahoma 74003

Phone: (918) 337-2820 Fax: (918) 337-2892



Mitch Antle  
DISTRICT 1

Corey Shivel  
DISTRICT 2

Mike Dunlap  
DISTRICT 3

### **Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2022**

<b>Finding No.</b>	<b>Title (Financial) or Assistance Listing No. (formerly CFDA No.) &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-001	<b>Lack of County-Wide Internal Controls and Disaster Recovery Plans (Repeat Finding – 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001)</b>	Each office of Washington County through each Elected Official of Washington County has created an office specific plan. Each of these plans will be compiled into one document and be known as our "County-Wide Disaster Recovery Plan."	06/30/2025	Mitch Antle
2022-003	<b>Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding – 2021-004)</b>	Each office of Washington County will continue to address compliance with the County Purchasing Procedure of the State of Oklahoma. As compliance will always be imperfect given real-world scenarios versus theoretical application, this endeavor has been and will continue to be ongoing as perfection in this matter is unattainable.	On-going 06/30/2025	Mitch Antle
2022-012	<b>Lack of County-Wide Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds</b>	No corrective action taken.	06/30/2025	Mitch Antle
2022-013	<b>Lack of Internal Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds</b>	No corrective action taken.	06/30/2025	Mitch Antle

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**



## THE BOARD OF COUNTY COMMISSIONERS

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Phone: (918) 337-2820 Fax: (918) 337-2892



Mitch Antle  
DISTRICT 1

Corey Shivel  
DISTRICT 2

Mike Dunlap  
DISTRICT 3

### Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2022

#### FINANCIAL AUDIT FINDINGS

##### **Finding 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001**

##### **Lack of County-Wide Internal Controls and Disaster Recovery Plans**

**Finding Summary:** Although the County addresses some aspects of county-wide internal controls during their monthly budget board meeting, county-wide internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring could be strengthened. The District 1 Commissioner, District 2 Commissioner, and District 3 Commissioner have not designed a Disaster Recovery Plan over information systems operating within each office. The County does not have a County-Wide Disaster Recovery Plan.

**Status:** Not Corrected.

##### **Finding 2021-004**

##### **Lack of Internal Controls and Noncompliance Over Disbursements**

**Finding Summary:** Expenditures were not encumbered prior to receiving goods or services. The county does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction. The responsibility for encumbering a purchase order and preparing the warrant are not always segregated.

**Status:** Not Corrected.

#### FEDERAL AUDIT FINDINGS

##### **Finding 2021-010**

##### **Lack of Internal Controls Over Schedule of Expenditures of Federal Awards**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management; 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:** Oklahoma Cares PPE – Reimbursement 2020; 4530-DR-OK SA-2242

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$-0-

**Finding Summary:** During our audit, we identified federal programs that were not listed accurately on the

County's Schedule of Expenditures of Federal Awards (SEFA). Federal expenditures were understated by \$532,307.

**Status:** Fully Corrected.

**Finding 2021-011**

**Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management; 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:** Oklahoma CARES PPE – Reimbursement 2020; 4530-DR-OK; SA-2242

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** - \$0 -

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

**Status:** Not Corrected.

**Finding 2021-012**

**Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management; 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:** Oklahoma CARES PPE – Reimbursement 2020; 4530-DR-OK; SA-2242

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** -\$0-

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

**Status:** Not Corrected.





Cindy Byrd, CPA | State Auditor & Inspector

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