



WOODWARD COUNTY

Financial Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

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

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.



August 9, 2024

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward 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

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

Board of County Commissioners

District 1 – Troy White
District 2 – Clint White
District 3 – Donny Thorn

County Assessor

Mistie Dunn

County Clerk

Wendy Dunlap

County Sheriff

Kevin Mitchell

County Treasurer

Kim Bowers

Court Clerk

Tammy Roberts

District Attorney

Christopher Boring

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
WOODWARD 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 Woodward 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 Woodward 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 Woodward 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 Woodward County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

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

As described in Note 1, the financial statement is prepared by Woodward 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 Woodward 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 Woodward 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 Woodward County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2024, on our consideration of Woodward 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 Woodward County’s internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 16, 2024

REGULATORY BASIS FINANCIAL STATEMENT

WOODWARD 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	\$ 3,549,895	\$ 3,935,343	\$ -	\$ 2,306	\$ 3,242,035	\$ 4,240,897
County Highway Unrestricted	2,765,359	3,654,235	102,306	100,000	3,444,219	2,977,681
County Bridge and Road Improvement	808,562	365,309	-	-	219,261	954,610
Health	551,617	351,051	-	-	373,716	528,952
Use Tax-ST	175,149	467,670	-	-	493,619	149,200
Rural Fire-ST	324,248	296,261	-	-	99,595	520,914
Fair-ST	218,476	130,350	-	-	164,954	183,872
Extension-ST	539,286	131,947	-	-	106,390	564,843
Fire Safety and Burn Prevention-ST	212,000	95,163	-	-	73,666	233,497
D.A.R.E. (Drug Education)-ST	110,083	137,921	-	-	129,176	118,828
Jail-ST	139,927	788,471	-	-	786,319	142,079
Fair Improvement-ST	2,718,389	1,972,482	-	-	2,224,336	2,466,535
911 Phone Fees	638,806	301,565	-	-	299,989	640,382
Assessor Revolving Fee	21,938	2,691	-	-	3,660	20,969
County Clerk Lien Fee	21,586	13,422	-	-	17,861	17,147
County Clerk Records Management and Preservation	79,351	53,510	-	-	56,590	76,271
Court Fund Payroll	8,009	98,830	-	-	101,511	5,328
Flood Plain	4,657	3,500	-	-	193	7,964
Free Fair Board	117,224	133,526	-	-	24,333	226,417
Juvenile Detention	1,002	1	-	-	-	1,003
Resale Property	509,474	207,749	16,843	-	90,481	643,585
Reward Fund	676	100	-	-	-	776
Sheriff Board of Prisoners	170,327	143,481	-	-	135,393	178,415
Sheriff Commissary	3,581	252,850	-	-	117,635	138,796
Sheriff Service Fee	177,572	90,592	-	-	118,492	149,672
Treasurer Mortgage Certification	27,736	4,035	-	-	1,077	30,694
County Donations	4,425	4,250	-	-	-	8,675
Lake Patrol	18,835	21,130	-	-	21,127	18,838
Fire Management Assistant Grant	7,378	328,634	-	-	323,626	12,386
Sheriff Forfeiture	1,160	-	-	-	-	1,160
National Association of County and City Health Officials	2,500	12,500	-	-	4,490	10,510
Covid Aid and Relief	489,311	-	-	-	-	489,311
American Rescue Plan Act 2021	1,962,875	6,428	-	-	-	1,969,303
Total - All County Funds as Restated	\$ 16,381,414	\$ 14,004,997	\$ 119,149	\$ 102,306	\$ 12,673,744	\$ 17,729,510

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

County General – accounts for revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenues include fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

County Bridge and Road Improvement – accounts for revenue from gasoline and natural gas taxes to be used for costs associated with bridge inspections, improvements, and construction, as well as the construction of a bituminous surface treatment or gravel roadway.

Health – accounts for ad valorem tax levy for the purpose of aiding or maintaining a county department of health.

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

Use Tax-ST – accounts for use tax, an excise tax levied on the storage, use or other consumption of tangible personal property used, stored, or consumed within the County. Disbursements are designated by the Board of County Commissioners.

Rural Fire-ST – accounts for sales tax assessed upon retail sales within the County as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Fair-ST – accounts for sales tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Extension-ST – accounts for sales tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Fire Safety and Burn Prevention-ST – accounts for sales tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

D.A.R.E. (Drug Education)-ST – accounts for sales tax assessed upon retail sales within the County as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Jail-ST – accounts for sales tax assessed upon retail sales within the county as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Fair Improvement-ST – accounts for sales tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

911 Phone Fees – accounts for fees collected by phone service providers in accordance with 63 O.S. § 2813 to support 911 emergency operations.

Assessor Revolving Fee – accounts for all 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 revenue generated from filing and copy fees. Proceeds are for lawful operation of the County Clerk’s office.

County Clerk Records Management and Preservation – accounts for a special fee collected on all documents filed of record in the County Clerk’s office. Disbursements are restricted to activities related to preservation of records in the County Clerk’s office.

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

Court Fund Payroll – accounts for funds transferred from the Court Fund for compensation of district court employees.

Flood Plain – accounts for fees that are established by the Board of County Commissioners that are for floodplain boards within their respective jurisdiction. The purpose of a floodplain board is to minimize flood hazards and protect the natural and beneficial functions of the floodplain. The board may establish a fee not to exceed \$500 to offset the costs of floodplain management.

Free Fair Board – accounts for revenue from advertising, rentals, and concessions during the county free fair, stock shows, and agricultural demonstrations held at the county fairgrounds. This revenue is used for premiums and other costs of hosting those events.

Juvenile Detention – accounts for contractual revenue or grant funds for employing a director and deputies of county juvenile facilities.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

Reward Fund – accounts for revenue provided by fines assessed upon persons convicted of illegal dumping of trash, debris, waste, or other substances that may cause fire on public or private property. The Board of County Commissioners may use this fund to offer and pay a reward to individuals offering information that leads to an arrest and conviction. The fund may also be used for special enforcement programs related to investigating and/or preventing littering and illegal dumping.

Sheriff Board of Prisoners – accounts for contract revenue for housing prisoners of other local jurisdictions to be used to defray those costs.

Sheriff Commissary – accounts for profits from selling goods to prisoners incarcerated in the county jail. The revenue is to be used to improve and provide jail services. The Sheriff may also use any surplus of this fund not needed for jail purposes for administering expenses for training equipment, travel or for capital expenditures.

Sheriff Service Fee – accounts for revenue generated by court fees and fees for services. Proceeds are to be used for lawful operation of the Sheriff's office.

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the County for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer's office.

County Donations – accounts for revenue from private donors which may be designated for a specific governmental purpose such as K-9 officers, road improvements, law enforcement

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

equipment, improvements to fairgrounds, etc. Donations restricted to a specific purpose by the donor are accounted for separately in sub-accounts (or departments) under the fund to ensure they are used for their intended purposes.

Lake Patrol – accounts for contracts with the U.S. Army Corps of Engineers for law enforcement coverage on the lakes.

Fire Management Assistance Grant – accounts for the monies received from the Federal government to assist in fire management and disbursed in accordance with grant requirements.

Sheriff Forfeiture – accounts for proceeds from the sale of property seized by law enforcement as ordered by the court. The fund is used for law enforcement purposes and/or drug prevention and eradication.

National Association of County and City Health Officials – accounts for grant funds awarded to the health department and disbursements as restricted by grant agreement.

Covid Aid and Relief – 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 United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

C. Basis of Accounting

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining

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

statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result

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

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.

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

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

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 June 1, 1994

The voters of Woodward County approved an unlimited one-fifth (1/5%) percent of one cent sales tax that became effective June 1, 1994. The sales tax is distributed among the following entities: firefighting services (37.5%); county fair board (16.5%); OSU Extension Office (16.5%); fire safety and prevention (12%); and drug abuse assistance education (17.5%). The sales tax is accounted for in the Rural Fire – ST fund, Fair – ST fund, Extension – ST fund, Fire Safety and Burn Prevention – ST fund, and D.A.R.E. (Drug Education) – ST fund.

Sales Tax of August 11, 2009

The voters of Woodward County approved a sales tax of five-eighths (5/8%) percent of one cent on August 11, 2009 for the purpose of acquisition, construction and equipping a new Woodward County Detention Facility, and operating and maintaining the Woodward County Detention Facility. A portion of the sales tax, .425 of one (1) cent, has a limited duration of ten (10) years from the date of commencement, or until principal and interest upon indebtedness incurred on behalf of Woodward County at the Woodward County Public Facilities Authority in furtherance of the new county detention facility has expired. The remaining portion of such sales tax, one-fifth (1/5) of one (1) cent, to continue until repealed by a majority of the electors of Woodward County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency. The sales tax is accounted for in the Jail-ST fund.

Sales Tax of February 12, 2013

On February 12, 2013, county voters authorized a one-half (.50%) of one percent sales tax on gross receipts or proceeds on certain sales for the purpose of design, construction, financing, furnishings, capital facilities and improvements, equipment, fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new Woodward County Fairgrounds and Expo Facility to be located in Woodward County. The sales tax is to terminate thirteen (13) years from the effective date of the tax or at the date of retirement of any debt. One-tenth (1/10) of one percent shall be perpetual to be used for operation and maintenance of the new fairgrounds and expo facility and shall remain outstanding until lawfully repealed. The sales tax is accounted for in the Fair Improvement-ST fund.

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

E. Interfund Transfers

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

- \$2,306 was transferred from the County General fund to the County Highway Unrestricted fund to correct a prior year disbursement error.
- \$100,000 was transferred from the Emergency Transportation Revolving fund, a trust and agency fund, to the County Highway Unrestricted fund for a loan.
- \$100,000 was transferred from the County Highway Unrestricted fund to the Emergency Transportation Revolving fund, a trust and agency fund, to repay a loan.
- \$16,843 was transferred from Excess Resale, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131D.

F. Restatement of Fund Balance

During the fiscal year, the County had a reclassification of funds. Drug Court was reclassified as a trust and agency fund.

Prior year ending balance, as reported	\$ 16,465,902
Funds reclassified as Trust and Agency Funds:	
Drug Court reclassified from a County Fund to a Trust and Agency fund	<u>(84,488)</u>
Prior year ending balance, as restated	<u>\$ 16,381,414</u>

SUPPLEMENTARY INFORMATION

**WOODWARD 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 - County	\$ 3,000	\$ 2,370	\$ 630
County Sheriff	969,259	915,044	54,215
County Treasurer	241,859	233,070	8,789
County Commissioners	252,400	215,276	37,124
County Clerk	357,001	351,445	5,556
Court Clerk	396,954	392,663	4,291
County Assessor	288,537	264,311	24,226
Revaluation of Real Property	247,829	197,887	49,942
Juvenile Shelter	37,800	23,316	14,484
General Government	3,460,312	445,319	3,014,993
Excise - Equalization Board	5,801	5,068	733
County Election Board	107,932	105,265	2,667
County Purchasing	11,000	10,955	45
Emergency Management	42,000	42,000	-
Charity	500	-	500
County Jail	291,886	-	291,886
County Audit Budget Account	62,224	28,971	33,253
Total Expenditures, Budgetary Basis	\$ 6,776,294	\$ 3,232,960	\$ 3,543,334

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 745,543	\$ 377,893	\$ 367,650
Total Expenditures, Budgetary Basis	\$ 745,543	\$ 377,893	\$ 367,650

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

1. Budgetary Schedules

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION



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

TO THE OFFICERS OF
WOODWARD 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 Woodward County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Woodward County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 16, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 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 Woodward 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 Woodward County's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodward 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, 2022-002, and 2022-003.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodward 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 items 2022-002 and 2022-003.

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

Woodward County's Response to Findings

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

July 16, 2024

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2022-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2012-001, 2013-001, 2019-001, 2020-001, 2021-001)

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

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

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

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

Management Response:

Chairman of the Board of County Commissioners: To enhance county-wide controls, I am implementing more in-depth quarterly officer meetings to ensure a proactive approach to addressing all identified issues.

County Clerk: We are going to implement written policies within the County’s handbook to design county-wide procedures to identify and address risks related to financial reporting and to ensure information is communicated effectively.

County Treasurer: County officers plan to meet to discuss federal grants, agreements and compliance supplements within the County and I will stay diligent and review BOCC meeting agendas to ensure I have all pertinent information.

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

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

Finding 2022-002 – Lack of Internal Controls and Noncompliance Over the Disbursements Process (Repeat Finding – 2012-006, 2013-006, 2019-003, 2020-002, 2021-002)

Condition: Upon inquiry of county personnel and observation of the disbursement process, the following weaknesses were noted:

- Purchase orders are encumbered without a written and signed requisition.
- The Purchasing Agent will create receiving reports for various departments within the County.
- Blanket purchase orders are encumbered before being approved by the Board of County Commissioners (BOCC).
- One (1) purchase card has a limit that exceeds the limit set by state statute.
- The County’s six-month bids do not conform to the fiscal year.
- The BOCC provides no oversight over the appropriations in the Rural Fire–ST fund.
- Purchase orders are used to transfer appropriations from fund to fund.
- The County can change the encumbrance date within the County Clerk’s software.

Additionally, our review of forty-three (43) disbursements reflected the following:

- Thirteen (13) disbursements totaling \$494,774 were not supported by adequate documentation.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- Ten (10) disbursements totaling \$293,055 were not encumbered prior to receiving goods or services.
- Two (2) disbursements totaling \$167,505 were not properly reviewed or authorized.
- One (1) disbursement in the amount of \$21,168 was not approved by the BOCC.
- One (1) disbursement in the amount of \$278 was not made for the appropriate amount.
- One (1) disbursement in the amount of \$150 was not charged to the proper fund and account.

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

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, disbursements are supported by adequate documentation, and that purchase orders and warrants are issued in accordance with 19 O.S. § 1505.

Additionally, OSAI recommends the County implement internal control procedures in accordance with 74 O.S. § 85.5(a) to ensure purchasing card limits are not exceeded by limits set forth in state statute.

Management Response:

Chairman of the Board of County Commissioners: I have initiated conversations with the County's Purchasing Agent to rectify and enhance our purchasing procedures, aiming for greater efficiency and compliance with proper purchasing procedures.

County Commissioner District 1: I plan to be more diligent when submitting documents to the County Clerk's office for payment.

County Commissioner District 3: Our office will review all purchase orders for proper documentation and ensure that all documents are attached to the purchase order before being filed.

County Clerk: Policies and procedures will be developed to make sure that all expenditures are reviewed with supporting documentation, proper documentation will be obtained from the vendor, requisitions and encumbrances will be prepared before initiating services, and more blanket purchase orders will be utilized to ensure that expenditures conform to proper purchasing procedures.

County Sheriff: In the future, I will ensure that purchase order amounts are encumbered before a purchase is made and blanket purchase orders will also be created for vendors that we frequent to cover those expenditures. I will ensure that purchase orders are verified to be encumbered and expended from the proper fund and account.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

County Assessor: The Assessor’s office will encumber all disbursements prior to receiving goods or services and we are creating a list of vendors that are paid once a year and the contract renewal dates to ensure funds are encumbered properly.

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.

Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity’s objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

Title 62 O.S. § 310.4 states in part, “All unencumbered balances, if any, ... on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next ... Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year.”

Title 74 O.S. § 85.5(a) prescribes the limits set forth by the state for purchasing cards.

Finding 2022-003 – Lack of Internal Controls and Noncompliance Over the Payroll Process (Repeat Finding – 2012-006, 2013-006, 2019-003, 2020-002, 2021-002)

Condition: Upon inquiry of county personnel and observation of the payroll process, the following weaknesses were noted:

- The County can change the encumbrance date within the County Clerk’s software.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- Payroll claims for monthly employees are generated and approved by each department prior to the end of the pay period.
- 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.

Additionally, our review of twenty-eight (28) payroll disbursements reflected the following:

- Six (6) disbursements totaling \$52,064 were not properly reviewed or authorized.
- Five (5) disbursements totaling \$36,229 were not timely encumbered.
- Seven (7) disbursements totaling \$17,378 were not approved by the BOCC.
- One (1) disbursement in the amount of \$3,433 was not made for the appropriate amount.

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

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the payroll process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, and disbursements are supported by adequate documentation. OSAI further recommends that the payroll process be adequately segregated to strengthen the internal controls over County disbursements.

Management Response:

Chairman of the Board of County Commissioners: We have already made significant improvements to our payroll process by transitioning to a bi-weekly pay schedule. These adjustments have effectively resolved the issues highlighted in the audit. Furthermore, we are taking steps to ensure that all required signatures are properly obtained on payroll reports.

County Commissioner District 1: We have implemented new payroll policies and procedures and all payroll claims are required to be reviewed or authorized before payment is made.

County Commissioner District 3: I will ensure that payroll documents are reviewed more closely, and that all payroll is reviewed and authorized.

County Clerk: The County has implemented new payroll policies and procedures and all payroll expenditures should now conform to proper purchasing procedures.

County Sheriff: All payroll claims will continue to be requisitioned from the proper fund and account by my office before submission to the County Clerk's office to be paid. Claims will be signed and submitted to the County Clerk's office for the BOCC to approve and sign.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

County Assessor: The County has implemented new policies and procedures for payroll processes within the County and in the past each office would calculate their own payroll and deliver the payroll to the County Clerk's office after I approved our payroll.

Court Clerk: I have two (2) employees that are paid by the County. I will make a large effort on my part to ensure that my portion of payroll is done correctly.

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.

Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

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.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2022-004 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Upon inquiry and review over the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, the following weaknesses were noted:

Inmate Trust Fund Checking Account:

- Although bank reconciliations were performed at June 30, there was an unknown variance of \$3,134 between the bank’s balance and the ledger balance.
- Reconciliations were not reviewed by someone other than the preparer.
- The County Sheriff’s office does not track or maintain records for unclaimed funds.
 - Outstanding checks date back to 2006.

Sheriff Commissary Fund:

- The County Sheriff’s office did not prepare an annual report for the Sheriff Commissary Fund Report to file with the Board of County Commissioners by January 15th.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and monitor Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

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

Recommendation: OSAI recommends the following:

- All variances noted during the reconciliation of the Inmate Trust Fund Checking Account should be identified.
- Create a policy to track and maintain records for unclaimed inmate funds.
- The County Sheriff should file a report of the commissary with the County Commissioners by January 15th, of each year in accordance with 19 O.S. § 180.43.

Management Response:

County Sheriff: I will complete our unclaimed property process, and I have contacted the software provider for assistance in locating and correcting errors. Additionally, all reconciliations will identify variances and be reviewed by someone other than the preparer. I will create a policy to ensure added segregation of duties for collections of commissary monies as well as file an annual Commissary Report with the BOCC.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Criteria: The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

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

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

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

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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