



BECKHAM COUNTY

Financial Audit

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**BECKHAM 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.



April 26, 2024

TO THE CITIZENS OF
BECKHAM COUNTY, OKLAHOMA

Transmitted herewith is the audit of Beckham 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

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

Board of County Commissioners

District 1 – Carl Don Campbell

District 2 – Tate Finnell

District 3 – Johnny Davis

County Assessor

Jonathan Beck

County Clerk

Leasa Hartman

County Sheriff

Derek Manning

County Treasurer

Jennifer Drury

Court Clerk

Donna Howell

District Attorney

Angela Marsee

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
BECKHAM 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 Beckham 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 Beckham 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 Beckham 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 Beckham 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 Beckham 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 Beckham 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 Beckham 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 Beckham 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 April 15, 2024, on our consideration of Beckham 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 Beckham County’s internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

April 15, 2024

REGULATORY BASIS FINANCIAL STATEMENT

BECKHAM 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	Disbursements	Ending Cash Balances June 30, 2022
County Funds:				
County General	\$ 5,144,505	\$ 3,544,164	\$ 3,246,969	\$ 5,441,700
County Highway Unrestricted	4,850,860	3,584,424	3,330,890	5,104,394
Health	1,143,824	676,778	571,905	1,248,697
Assessor Revolving Fee	12,401	1,662	960	13,103
County Bridge and Road Improvement	1,369,157	297,021	406,844	1,259,334
County Clerk Lien Fee	206,879	9,505	74,256	142,128
County Clerk Records Management and Preservation Fund	205,469	56,290	7,638	254,121
County Donations	3,143,273	52,438	418,210	2,777,501
Emergency Management	13,111	15,000	8,332	19,779
Jail-ST	136,120	1,032,594	911,049	257,665
Local Emergency Planning Committee	2,198	3,000	-	5,198
Rural Economic Action Plan Revolving Fund	-	89,567	89,567	-
Resale Property	820,642	235,131	822,060	233,713
Rural Fire-ST	625,151	417,514	268,813	773,852
Sheriff Commissary	37,337	162,508	160,872	38,973
Sheriff Service Fee	44,628	202,519	180,342	66,805
Treasurer Mortgage Certification	32,509	4,435	33,470	3,474
American Rescue Plan Act 2021	2,123,010	2,119,640	427,105	3,815,545
Courthouse Building	940,124	57,225	641,856	355,493
Treasurer's Cash	700	-	-	700
Total - All County Funds	\$ 20,851,898	\$ 12,561,415	\$ 11,601,138	\$ 21,812,175

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Beckham 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 the general operations of the government.

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

Health – accounts for ad valorem tax collections and fees for services and disbursements are made to operate the County Health Department.

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

County Bridge and Road Improvement – accounts for state receipts and disbursements are for the improvement of county bridges and roads as restricted by state statute.

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

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

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed in the County Clerk’s office and disbursements as restricted by state statute for the preservation of records.

County Donations – accounts for donations to the County for specified projects as restricted by resolution approved by the Board of County Commissioners.

Emergency Management – accounts for the collection of grant monies and disbursements as restricted by the grant agreement.

Jail-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Local Emergency Planning Committee – accounts for the collection of grant monies and disbursements as restricted by the grant agreement.

Rural Economic Action Plan Revolving Fund – accounts for the collection of grant monies and disbursements as restricted by the grant agreement.

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

Rural Fire-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

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

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

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.

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

Courthouse Building – accounts for the collections of insurance and other outsources provided for the construction or repairing of the courthouse, jails, and other necessary buildings.

Treasurer’s Cash – accounts for money held as cash on hand for a cash drawer.

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 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

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

pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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

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

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

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

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

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

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

D. Sales Tax

Sales Tax of February 12, 2002

On February 12, 2002, the voters of Beckham County approved a three-tenths of one percent (3/10 of 1%) county sales tax through March 31, 2017, after which time said tax shall be reduced to one-fourth of one percent (1/4 of 1%) with said one-fourth of one percent (1/4 of 1%) being unlimited in duration. The purpose of the three-tenths of one percent (3/10 of 1%) sales tax shall be to fund the acquisition, construction, equipping, furnishing, general operations and maintenance of a jail facility in Beckham County, Oklahoma, including payment of debt service on obligations issued to finance said jail facility. The one-fourth of one percent (1/4 of 1%) sales tax shall be to pay for general operations and capital improvements benefiting Beckham County, Oklahoma. This is accounted for in the Jail-ST fund.

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

Sales Tax November 6, 2018

On November 6, 2018, the voters of Beckham County approved five year (5) temporary sales tax for one-tenth percent (0.10%) to be levied upon the gross proceeds derived from all sales or services in the county upon which a consumer's sales tax is levied by this state, commencing on February 1, 2019. The one-tenth percent (0.10%) increase is for the general operation and capital improvement for the Sayre Fire Department, Delhi Rural Fire Department, Sweetwater Fire Department, Texola Volunteer Fire Department, Erick Fire Department, Carter Volunteer Fire Department and Elk City Fire Department. This is accounted for in the Rural Fire-ST fund.

SUPPLEMENTARY INFORMATION

BECKHAM 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 - State	\$ 7,840	\$ 7,583	\$ 257
County Sheriff	765,502	764,055	1,447
County Treasurer	144,223	143,660	563
County Commissioners	10,000	6,030	3,970
O.S.U. Extension	26,800	19,020	7,780
County Clerk	183,553	182,953	600
Court Clerk	346,005	304,999	41,006
County Assessor	199,063	188,404	10,659
Visual Inspection	201,261	191,591	9,670
General Government	5,865,281	1,278,037	4,587,244
Excise - Equalization Board	4,500	2,947	1,553
County Election Board	72,234	69,005	3,229
Emergency Management	16,750	10,181	6,569
Charity	1,500	250	1,250
County Audit Budget Account	60,753	-	60,753
Free Fair	12,800	5,564	7,236
Total Expenditures, Budgetary Basis	\$ 7,918,065	\$ 3,174,279	\$ 4,743,786

BECKHAM 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	\$ 1,656,507	\$ 606,538	\$ 1,049,969
Total Expenditures, Budgetary Basis	\$ 1,656,507	\$ 606,538	\$ 1,049,969

**BECKHAM 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
BECKHAM 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 Beckham County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Beckham County’s financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 15, 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 Beckham 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 Beckham County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Beckham 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 2022-005.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beckham 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 2022-005.

Beckham County's Response to Findings

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

April 15, 2024

**BECKHAM 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, 2018-001, 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 internal controls regarding Risk Assessment and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address Risk Assessment and Monitoring 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 Risk Assessment and 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: The Board of County Commissioners (BOCC) will work towards assessing and identifying risks to design written county-wide controls.

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.

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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 2022-005 – Lack of Internal Controls and Noncompliance Over the Disbursement and Payroll Processes (Repeat Finding – 2011-002, 2012-005, 2013-005, 2018-005, 2019-005, 2020-005, 2021-005)

Condition: The audit of sixty (60) disbursements reflected the following:

- Five (5) disbursements were not properly encumbered in accordance with state statutes.
- One (1) disbursement did not have adequate documentation to confirm timely encumbrance and that the correct amount was disbursed.
- One (1) disbursement did not have a receiving report.
- One (1) disbursement lacked the initial or signature of the County Clerk beside their pre-printed name.
- In the review of payroll affidavits for one (1) disbursement, it was found that for December 2021, there was a lack of signatures from the Board of County Commissioners to depict internal controls over the payroll process in the case of the Coronavirus State and Local Fiscal Recovery Funds premium pay.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to compensating controls over the disbursement and payroll processes and to ensure compliance with state statutes.

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the disbursement and payroll processes. Such controls should include the BOCC signing the payroll affidavits and ensuring that funds are encumbered prior to the receipt of goods and/or services,

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implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to all County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services, and work to design and implement proper internal controls over the disbursement and payroll processes.

County Clerk: I will ensure to sign or initial beside my pre-printed names on each purchase order.

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

Compliance Objectives

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

Further, GAO Standards – Principle 6 – 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.

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

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.

No matters were reported.

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



Cindy Byrd, CPA | State Auditor & Inspector

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