



GRANT COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



April 8, 2024

TO THE CITIZENS OF
GRANT COUNTY, OKLAHOMA

Transmitted herewith is the audit of Grant County, Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Max L. Hess
District 2 – Craig Fredrick
District 3 – Steve Stinson

County Assessor

Robin Herod

County Clerk

Cindy Pratt

County Sheriff

Scott Sterling

County Treasurer

Penny Huff

Court Clerk

Deana Kilian

District Attorney

Mike Fields

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
GRANT COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 1, the financial statement is prepared by Grant County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grant County as of June 30, 2021, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Grant County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 2,277,944	\$ 2,841,761	\$ -	\$ 245	\$ 2,648,256	\$ 2,471,204
County Highway Unrestricted	2,078,395	4,410,302	303,824	520,000	4,033,905	2,238,616
Health	1,123,278	327,406	140	-	159,951	1,290,873
County Donations	9,412	30,488	-	140	28,096	11,664
County Bridge and Road Improvement	1,960,345	379,657	250,000	290,000	1,235,037	1,064,965
Fair Improvement-ST	153,702	99,062	-	-	28,937	223,827
Rural Fire-ST	4,358,619	276,669	-	-	620,386	4,014,902
Ambulance Service District-ST	674,188	69,730	-	-	123,166	620,752
Sheriff-ST	128,792	33,026	-	-	36,004	125,814
Emergency Medical Service-ST	395,940	35,984	-	-	2,412	429,512
Sheriff Service Fee	34,936	75,959	-	-	54,936	55,959
Sheriff Commissary	3,195	16,790	-	-	12,421	7,564
Sheriff Forfeiture	2,110	-	-	-	-	2,110
Jail	404	25	-	-	172	257
Juvenile Detention	2,100	-	-	-	400	1,700
911 Phone Fees	189,726	64,836	-	-	73,519	181,043
Local Emergency Planning Committee	11,266	1,000	-	-	-	12,266
Emergency Management	2,907	-	-	-	-	2,907
County Clerk Lien Fee	22,861	4,728	-	-	10,453	17,136
County Clerk Change Fund	25	-	-	-	-	25
County Clerk Records Management and Preservation	27,040	16,580	-	-	15,129	28,491
Assessor Revolving Fee	22,092	2,746	-	-	796	24,042
Resale Property	81,722	36,773	-	-	21,321	97,174
Treasurer Mortgage Certification	950	1,185	-	-	-	2,135
Free Fair Board	17,669	6,850	-	-	1,050	23,469
American Rescue Plan Act 2021	-	420,817	-	-	-	420,817
Total - All County Funds	\$ 13,579,618	\$ 9,152,374	\$ 553,964	\$ 810,385	\$ 9,106,347	\$ 13,369,224

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

County General – accounts for revenues from ad valorem, officer's fees, interest earnings, and miscellaneous collections to be disbursed for the general operations of the County.

County Highway Unrestricted – accounts for revenues from state-imposed fuel taxes to be disbursed for the maintenance and construction of county roads and bridges.

Health – accounts for revenues from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds to be disbursed for the operation of the County Health Department.

County Donations – accounts for the donations received and acknowledged by resolutions by the Board of County Commissioners (BOCC) to be disbursed for the purpose for which they were donated.

County Bridge and Road Improvement – accounts for state, local and miscellaneous receipts to be disbursed for the purpose of constructing and maintaining county roads and bridges.

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

Fair Improvement-ST – accounts for the collection of the 0.25% sales tax to be disbursed for the County Fairgrounds improvements.

Rural Fire-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Ambulance Service District-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Sheriff-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Emergency Medical Service-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Sheriff Service Fee – accounts for the collection of sheriff process service fees, housing of prisoners' contracts, court fees, and other various contracts to be disbursed as restricted by state statute.

Sheriff Commissary – accounts for monies received from the commissary sales to be disbursed as restricted by state statute.

Sheriff Forfeiture – accounts for property seized from those who participate in certain illegal activity to be disbursed as restricted by state statute.

Jail – accounts for the receipt of state reimbursements to be disbursed for the operation of the jail.

Juvenile Detention – accounts for state funds received for the transport of juveniles to detention facilities to be disbursed for the operation of the Sheriff's office.

911 Phone Fees – accounts for monies received from private telephone companies for the operations of emergency 911 services.

Local Emergency Planning Committee – accounts for the receipt and disbursement of Hazard Material Emergency Preparedness Planning Grant.

Emergency Management – accounts for the receipt of a state grant to be disbursed for the operation of the Civil Emergency Management Program.

County Clerk Lien Fee – accounts for lien fee collections to be disbursed as restricted by state statute.

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

County Clerk Change Fund – accounts for cash obtained from the County Clerk’s funds and held in the office for change.

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

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

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

Treasurer Mortgage Certification – accounts for the collection of fees by the Treasurer for mortgage tax certificates to be disbursed as restricted by state statute.

Free Fair Board – accounts for the collection of rental fees for the fairgrounds to be disbursed for expenses of the fairgrounds.

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, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

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

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

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

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

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

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

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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

D. Sales Tax

Sales Tax of February 8, 2011

The voters of Grant County approved a ¼ percent (0.25%) sales tax on February 8, 2011. Duration is 10 years ending February 28, 2021. On November 3, 2020, the voters of Grant County approved a continuation of this sales tax. Duration is 10 years ending February 28, 2031. This sales tax was established to provide revenue for the County Fairgrounds improvements.

These funds are accounted for in the Fair Improvement-ST fund.

Sales Tax of March 1, 2011

The voters of Grant County approved a continuation of a one percent (1%) sales tax on March 1, 2011. Duration is 10 years ending April 30, 2021. On July 13, 2021, the voters of Grant County approved a continuation of this sales tax. Duration is 10 years ending July 31, 2031. This sales tax was established to provide revenue for the County Sheriff, Rural Fire, and Emergency Medical Services to the County through the following twelve entities:

1. Deer Creek Fire Department
2. Grant County Sheriff's Department
3. Hawley Fire Department
4. Lamont Fire Department
5. Manchester Fire Department
6. Medford Emergency Medical Service
7. Medford Fire Department
8. Nash Fire Department
9. Pond Creek Emergency Medical Service
10. Pond Creek Fire Department
11. Wakita Fire Department
12. Grant County Emergency Service Association

These funds are accounted for in the following funds: Sheriff-ST, Rural Fire-ST, Ambulance Service District-ST and Emergency Medical Service-ST funds.

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

E. Tax Abatements

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$571,193 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

F. Interfund Transfers

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

- \$245 was transferred from the County General fund to the Independent School Remit fund (a trust and agency fund) to correct a previous year error.
- \$303,824 was transferred from the Emergency Transportation Revolving fund (a trust and agency fund) to the County Highway Unrestricted fund as a loan for bridge and road improvement.
- \$270,000 was transferred from the County Highway Unrestricted fund to the Emergency Transportation Revolving fund (a trust and agency fund) for the repayment of a loan used for bridge and road improvement.
- \$250,000 was transferred from the County Highway Unrestricted fund to the County Bridge and Road Improvement fund for repayment of a loan for highway purposes done in the prior fiscal year.
- \$140 was transferred from the County Donations fund to the Health fund for general operating purposes as approved by the Board of County Commissioners.

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

- \$290,000 was transferred from the County Bridge and Road Improvement fund to the Emergency Transportation Revolving fund (a trust and agency fund) for the repayment of a loan used for bridge and road improvement.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 32,792	\$ 8,225	\$ 24,567
County Sheriff	544,414	455,478	88,936
County Treasurer	130,272	115,220	15,052
County Commissioners	230,835	200,502	30,333
OSU Extension	32,039	10,048	21,991
County Clerk	143,194	130,963	12,231
Recording Account	51,354	49,730	1,624
County Assigned Subdepartments	-	3,911	(3,911)
Court Clerk	135,453	121,625	13,828
County Assessor	110,007	94,513	15,494
Visual Inspection	252,540	216,732	35,808
General Government	1,361,364	197,130	1,164,234
Excise Equalization	6,000	2,417	3,583
Election Board	65,177	55,206	9,971
Insurance - Benefits	996,083	725,744	270,339
Emergency Management	78,753	11,633	67,120
Charity	8,000	900	7,100
Reward	5,000	-	5,000
Building Maintenance	125,000	8,576	116,424
County Audit Budget	48,303	48,140	163
Free Fair Budget	21,003	15,469	5,534
City-County Library	2,000	2,000	-
Total Expenditures, Budgetary Basis	<u>\$ 4,379,583</u>	<u>\$ 2,474,162</u>	<u>\$ 1,905,421</u>

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

	Health Fund		
	Budget	Actual	Variance
Public Health	\$ 1,362,599	\$ 172,223	\$ 1,190,376
Total Expenditures, Budgetary Basis	\$ 1,362,599	\$ 172,223	\$ 1,190,376

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Emergency Management:			
E-911 Grant Program	20.615	911-2019-E911-OK	\$ 3,833
Total U.S. Department of Transportation			<u>3,833</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0235	108,221
Total U.S. Department of the Treasury			<u>108,221</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4438	838,525
Total U.S. Department of Homeland Security			<u>838,525</u>
Total Expenditures of Federal Awards			<u>\$ 950,578</u>

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

Basis of Presentation

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

Indirect Cost Rate

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On June 1, 2019, the President of the United States approved a Major Disaster Declaration for Grant County in response to Oklahoma Severe Storms, Straight-line Winds, Tornadoes, and Flooding DR-4438 occurring May 7, 2019 through June 9, 2019. The County incurred \$270,914 in eligible expenditures in the prior fiscal year ending June 30, 2020 and incurred \$99,229 in eligible expenditures in the prior fiscal year ending June 30, 2019. The Federal Emergency Management Agency approved eighteen (18) project worksheets for this disaster in the fiscal year ending June 30, 2021. Therefore, expenditures on the Schedule of Expenditures of Federal Awards for Assistance Listing Number (ALN) 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) includes \$270,914 in eligible expenditures incurred in the fiscal year ending June 30, 2020, \$99,229 in eligible expenditures incurred in the fiscal year ending June 30, 2019 and all eligible expenditures totaling \$468,382 that were incurred in the fiscal year ending June 30, 2021.

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
GRANT COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Grant County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 18, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2021, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Grant 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 Grant County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grant 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 questioned costs that we consider to be material weaknesses: 2021-001, 2021-002, 2021-004, and 2021-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grant 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 questioned costs as items 2021-004 and 2021-005.

Grant County's Response to Findings

Grant County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Grant County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024



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

TO THE OFFICERS OF
GRANT COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

**Basis for Qualified Opinion on Assistance Listing 97.036 - Disaster Grants – Public Assistance
(Presidentially Declared Disasters)**

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

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2021-009	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed
2021-009	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Allowable Costs/Cost Principles
2021-009	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Period of Performance
2021-009	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2021-009	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Special Tests and Provisions

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

Qualified Opinion on Assistance Listing 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Grant County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2021.

Other Matters

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

Report on Internal Control Over Compliance

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

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

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-006, 2021-007, 2021-008, and 2021-009, that we consider to be material weaknesses.

Grant County's Response to Findings

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

Assistance Listing Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between

Type A and Type B programs: \$750,000

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

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

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

Finding 2021-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2008-004, 2009-004, 2010-001, 2011-001, 2012-001, 2013-001, 2017-001, 2018-001, 2019-001, 2020-001)

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: I intend on downloading the checklist for county-wide controls and will share the form with all other officers. I will emphasize the importance of completing the checklist so that our county-wide controls will be documented.

County Clerk: I will use the checklist for county-wide controls for documenting our processes. I will enlist of the other officials, and we will discuss county-wide controls in County Officer meetings.

County Treasurer: We need a consistent schedule of officers’ meetings. An agenda should be prepared which consists of items from the County-Wide Internal Control Checklist.

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.

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

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 2021-002 – Reconciliation of the Appropriation Ledger to the General Ledger

Condition: Based on our documentation of controls, monthly reconciliations are not being completed between the County Clerk’s appropriation ledger and the County Treasurer’s general ledger for all County funds.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger for all funds.

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

Recommendation: OSAI recommends management take steps to ensure monthly reconciliations are performed between all funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

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

Management Response:

Chairman of the Board of County Commissioners: I will ask for a reconciliation report between the appropriation ledger and general ledger.

County Clerk: We are currently reconciling the general ledger balance to appropriation ledger unexpended balance.

County Treasurer: I have reconciled the general ledger to the amounts in the bank. It is now my responsibility to reconcile the cash funds, which I am currently doing. It is the County Clerk's responsibility to reconcile the budgeted funds.

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.

Finding 2021-004 – Lack of Internal Controls and Noncompliance Over Disbursements and Payroll Process (Repeat Finding – 2006-008, 2006-009, 2007-003, 2007-004, 2008-003, 2008-006, 2009-006, 2010-007, 2010-010, 2011-007, 2011-010, 2012-007, 2012-010, 2013-006, 2017-006, 2017-007, 2018-007, 2019-004, 2020-004)

Condition: Upon inquiry of County personnel, and observation of the disbursement and payroll processes, the following weaknesses were noted:

- The County does not have an adequate segregation of duties regarding disbursement and payroll expenditures 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. One employee has the ability to:
 - Requisition purchase orders.
 - Create purchase orders and assign purchase order numbers.
 - Place orders.
 - Encumber funds.
 - Approve purchase orders for payment.
 - Prepare warrants.
 - Add new vendors.
 - Prepare monthly payroll.
 - Add new hires and terminations.
 - Calculate amounts to be appropriated to each fund and account.
 - Enter appropriations into the appropriation ledger.
- Funds are encumbered without a written and signed requisition.

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

- Encumbrances and warrants are made against insufficient appropriations.
- Signature stamps and digital signatures are not secured, and unauthorized access allows unauthorized personnel to requisition purchase orders and sign documents as the elected official.
- Purchasing procedures regarding encumbrance and new vendors are circumvented for convenience and are not consistently followed.
- Each department does not report leave balances to the County Clerk's office.

Additionally, the following exceptions were noted with regards to the disbursement and payroll processes:

- Of the fifty-eight (58) disbursements tested:
 - Six (6) expenditures totaling \$225,324 were not encumbered prior to ordering goods or services.
 - Four (4) expenditures totaling \$32,284 were not supported by adequate documentation.
 - One (1) payroll expenditure in the amount \$2,032 was not approved by the BOCC.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls over the disbursements and payroll processes 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 disbursement and payroll processes. 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. OSAI further recommends that the disbursement and payroll processes be adequately segregated to strengthen the internal controls over County disbursements.

Additionally, OSAI recommends the County secure all digital signatures and signature stamps and that they are only used by the respective individual. Further, OSAI recommends that leave balances be submitted to the County Clerk on a monthly basis.

Management Response:

County Commissioner District 3: I will be more diligent in making sure fuel receipts are attached to purchase orders. I will see that funds are encumbered when bids are accepted.

County Clerk: I will continue to work at segregating duties. I will review the purchasing procedures being used by the Purchasing Agent to provide oversight.

County Treasurer: There was a mix up between the County Clerk's office and my office on how this particular vendor would be paid. I have made arrangements to ensure this will not happen again.

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

County Assessor: I have no prior knowledge of when and whom my legal counsel is consulting or interviewing until I receive the itemized statement. In the future, I will ask for weekly updates to help facilitate proper encumbrance.

County Sheriff: We will properly detail items purchased for the jail on the receiving report.

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.

Additionally, 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.

Also, 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,

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

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

Finding 2021-005 – Lack of Internal Controls and Noncompliance Over the County’s Financial Statement Presentation (Repeat Finding – 2019-002, 2020-002)

Condition: The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement. During the review and reconciliation of the financial statement, as initially prepared by the County, it was determined that the beginning balance was overstated by \$82, the apportionments were overstated by \$1,985,305, the disbursements were overstated by \$1,992,792, and the ending balance was overstated by \$83.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the County’s financial statement is accurately presented.

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

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure the County’s financial statement is accurately presented.

Management Response:

Chairman of the Board of County Commissioners: I have been made aware of this and know what to look for when the financial statements are presented to me in the future.

County Treasurer: I was trying to be transparent with all concerned, and now realize the payroll tax accounts should not have appeared on the financial statements.

Criteria: The County is required to present a financial statement for each fiscal year ended June 30.

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

Title 19 O.S. § 171 states, in part, “Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting.”

The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: “The concept of an independent audit requires that the auditor's role does not involve assuming management's responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

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

Finding 2021-006 – Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)

Condition: Total federal expenditures on the SEFA were understated by \$375,034:

- Expenditures reported on the SEFA for ALN 97.036 Disaster Grant – Public Assistance were \$467,323. Actual federal expenditures obtained from the County’s records confirm \$838,525 expended for an overstated variance of \$371,202.
- Expenditures reported on the SEFA for ALN 15.226 OMES/E911 GIS Tracking were \$0. Actual federal expenditures obtained from the County’s records confirm \$3,832 expended for an understated variance of \$3,832.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure accurate reporting of expenditures on the SEFA.

Effect of Condition: This condition resulted in erroneous reporting and a material misstatement of the County’s SEFA and could result in material noncompliance.

Recommendation: OSAI recommends County Officials and department heads gain an understanding of federal programs awarded to Grant County. Internal control procedures should be designed and implemented to ensure accurate and timely reporting of expenditures on the SEFA and to ensure compliance with federal requirements.

Management Response:

County Commissioner District 1: We will discuss the SEFA completion in County Officers’ meeting. I will search for resources to aid in the completion of the SEFA.

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

County Commissioner District 2: I will educate myself and do everything possible to become familiar with the requirements of the SEFA.

County Commissioner District 3: We will address this issue as a County in the officers' meetings.

County Clerk: We have increased our understanding of the reporting requirement of the SEFA.

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

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

The non-Federal entity must:

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

2 CFR § 200.508(b) Auditee responsibilities reads as follows:

The auditee must:

Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements.

2 CFR § 200.510(b) Financial statements reads, in part, as follows:

Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

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

Compliance Objective

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.

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

Finding 2021-007 – Lack of County-Wide Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-4438

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

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

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

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in noncompliance to federal grant requirements.

Recommendation: OSAI recommends that the County design and implement a system of county-wide procedures to identify and address risks related to compliance with federal award requirements 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:

County Commissioner District 1: We need to become more familiar with federal grant requirements and acknowledge that we understand the requirements to fulfill the grant. After which, we can establish the policies and procedures over federal expenditures.

County Commissioner District 2: We are planning to meet as a group of officers to address county-wide internal controls and we will incorporate federal grants into these meetings.

County Commissioner District 3: This issue will be addressed in the officers’ meetings.

County Clerk: We have implemented new online software to assist with FEMA tracking requirements. We have developed open communication between the Emergency Manager, the Commissioners’ Executive Assistant, the County Treasurer, and the County Clerk to assist with implementation of controls.

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

Criteria: 2 CFR § 200.303 - *Internal Controls* states in part:

The non-Federal entity must:

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

Also, 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 2021-008 – Lack of Internal Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-4438

FEDERAL AWARD YEAR: 2021

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

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

QUESTIONED COSTS: \$-0-

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

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

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

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

Management Response:

County Commissioner District 2: I will accept the recommendations and will acquire information to research federal grant compliance requirements to ensure adherence to the requirements.

County Commissioner District 3: We need to educate ourselves as County Officials to better understand our duties over compliance requirements and research federal grant compliance requirements to ensure adherence to the requirements.

County Clerk: We have hired a new Emergency Manager who has attended FEMA classes. We will invite her to share her information in a County Officers’ meeting.

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

The non-Federal entity must:

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

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

Further, 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.

Finding 2021-009 – Noncompliance with Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Reporting; and Special Tests and Provisions – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-4438

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$105,935

Condition: Upon inquiry of county personnel, review of documentation and procedures, and a test of five (5) out of seventeen (17) project worksheets, the following weaknesses were noted:

Project Worksheet 365 (D3) Questioned Cost – \$1,257:

- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.
- Project expense documentation was not adequately retained to verify costs of the equipment used and FEMA equipment rates were not consistently used by the district. Total unsupported county equipment costs \$402.
- Project expense documentation was not adequately retained to verify costs of the materials used. Total material costs reported exceeded documentation by \$855.

Project Worksheet 872 (D2) Questioned Cost – \$15,152:

- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.
- Project expense documentation was not adequately retained to verify costs of the labor used and correct labor rates were not consistently used by the District. Total unsupported County labor costs \$939.

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

- Project expense documentation was not adequately retained to verify costs of the equipment used and FEMA equipment rates were not consistently used by the District. Total unsupported County equipment costs \$9,946.
- Project expense documentation was not adequately retained to verify costs of the materials used. Total material costs reported did not exceed the total County documentation.
- Unallowed management costs were included in total project expenditures totaling \$4,267.

Project Worksheet 888 (D2) Questioned Cost – \$19,885:

- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.
- Project expense documentation was not adequately retained to verify costs of the labor used and correct labor rates were not consistently used by the District. Total unsupported County labor costs \$2,298.
- Project expense documentation was not adequately retained to verify costs of the equipment used and FEMA equipment rates were not consistently used by the District. Total unsupported County equipment costs \$10,551.
- Project expense documentation was not adequately retained to verify costs of the materials used. Total material costs reported exceeded documentation by \$640.
- Unallowed management costs were included in total project expenditures totaling \$6,396.

Project Worksheet 967 (D2) Questioned Cost – \$4,137:

- Project expense documentation was not adequately retained to verify costs of the labor used and correct labor rates were not consistently used by the District. Total unsupported County labor costs \$940.
- Project expense documentation was not adequately retained to verify costs of the equipment used and FEMA equipment rates were not consistently used by the District. Total unsupported County equipment costs \$2,408.
- Project expense documentation was not adequately retained to verify costs of the materials used. Total material costs reported exceeded documentation by \$180.
- Unallowed management costs were included in total project expenditures totaling \$609.

Further, upon additional inquiry of staff and review of documentation over 100% of federal expenditures the following was noted:

Project Worksheet 365 (D3):

- One (1) Quarterly Report was not submitted within 30 days of the end of a calendar quarter.

Project Worksheet 756 (D2) Questioned Cost – \$41,417:

- Project expenditures totaling \$41,417 occurred after the period of performance deadline.

Project Worksheet 986 (D3) Questioned Cost – \$24,087:

- Project expenditures totaling \$24,087 occurred after the period of performance deadline.

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

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

Effect of Condition: These conditions resulted in noncompliance to federal grant requirements and could result in loss of federal funds to the County.

Recommendation: OSAI recommends the County gain an understanding of the compliance requirements for federal programs and implement internal control procedures to ensure compliance with all requirements. We further recommend all documentation be properly maintained for inspection.

Management Response:

County Commissioner District 2: I was not in office at this time, but I will discuss with my Administrative Assistant and determine the best way to track all project costs.

County Commissioners District 3: I will have my Administrative Assistant double check her numbers and I also will review the documentation.

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

The non-Federal entity must:

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

Title *2 CFR § 200.318 (a) General procurement standards* reads as follows:

The Non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. [...]

Title *2 CFR § 200.84 Questioned Cost* reads as follows:

Questioned cost means a cost that is questioned by the auditor because of an audit finding:

- (a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for fund used to match Federal funds;
- (b) Where the costs, at the time of the audit, are not supported by adequate documentation;
- or
- (c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

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

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

Compliance Objectives

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

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

GRANT COUNTY BOARD OF COMMISSIONERS

112 E. Guthrie – Room 104 – Courthouse
 Medford, Oklahoma 73759
 Courthouse Phone 580-395-2214 – Courthouse FAX 580-395-2603
 Dessie Scott, Executive Assistant
grantcommissioners@gmail.com

Max L. Hess
 District 1 Commissioner
 Shop phone 580-594-2925
 Shop fax 580-594-2926
 Cell phone 580-541-4740

Craig A. Fredrick
 District 2 Commissioner
 Shop phone 580-395-2859
 Shop fax 580-395-2972
 Cell phone 580-541-0945

Steve Stinson
 District 3 Commissioner
 Shop phone 580-532-6499
 Shop fax 580-532-6497
 Cell phone 580-741-1044

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

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls	The County will work to create County-Wide Internal Controls. The County Clerk will enlist the help of all County Officers.	12/31/24	Cindy Pratt, County Clerk
2021-002	Reconciliation of the Appropriation Ledger to the General Ledger	The County Clerk’s office and Treasurer’s office will work together to reconcile the Appropriation Ledger to the General Ledger.	3/30/24	Cindy Pratt, County Clerk, and Penny Huff, Treasurer
2021-003	Lack of Internal Controls and Noncompliance Over Sales Tax Collections	County Officers will discuss this finding to avoid issues of this matter in the future.	3/30/24	Cindy Pratt, County Clerk
2021-004	Lack of Internal Controls and Noncompliance Over Disbursements and Payroll Process	County Officers have implemented controls in place to segregate the disbursement and payroll processes, to make sure all purchase orders are encumbered timely, to secure signature stamps and digital stamps, to follow all purchasing procedures, to report leave balances to the County Clerk’s office, to provide adequate documentation for all disbursements, and to have proper approval for all disbursements.	Current Process	Cindy Pratt, County Clerk
2021-005	Lack of Internal Controls and Noncompliance Over the County Financial Statement	The programmers for the Treasurer’s software have worked to correct the “Full Year SA&I Report” to eliminate these overstatements. The County Treasurer’s office and the Board of County Commissioners (BOCC) will also review the financial statement for errors	Current Process	Penny Huff, Treasurer and BOCC

	Presentation			
2021-006	Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)	The County Clerk, Treasurer, and BOCC Executive Assistant are tracking and monitoring all Federal expenditures closely to ensure the SEFA is more accurately reported.	Current Process	Cindy Pratt, County Clerk, Penny Huff, Treasurer, Dessie Scott, BOCC Executive Assistant
2021-007	97.036 – Lack of County-Wide Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disaster)	The County will establish policies and procedures to create better communication between the Emergency Manager and the County Officers.	3/30/24	Cindy Pratt, County Clerk and Madeline Wheeler, Emergency Manager
2021-008	97.036 – Lack of Internal Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disaster)	The County will establish policies and procedures to create better communication between the Emergency Manager and the County Officers.	3/30/24	Cindy Pratt, County Clerk and Madeline Wheeler, Emergency Manager
2021-009	97.036 – Noncompliance with Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Reporting; and Special Tests and Provisions – Disaster Grants (Presidentially Declared Disasters)	The County will establish policies and procedures to create better communication between the Emergency Manager and the County Officers.	3/30/24	Cindy Pratt, County Clerk and Madeline Wheeler, Emergency Manager

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

GRANT COUNTY BOARD OF COMMISSIONERS

112 E. Guthrie – Room 104 – Courthouse
Medford, Oklahoma 73759
Courthouse Phone 580-395-2214 – Courthouse FAX 580-395-2603
Dessie Scott, Executive Assistant
grantcommissioners@gmail.com

Max L. Hess

District 1 Commissioner
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Cell phone 580-541-4740

Craig A. Fredrick

District 2 Commissioner
Shop phone 580-395-2859
Shop fax 580-395-2972
Cell phone 580-541-0945

Steve Stinson

District 3 Commissioner
Shop phone 580-532-6499
Shop fax 580-532-6497
Cell phone 580-741-1044

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

FINANCIAL AUDIT FINDINGS

Finding 2011-001, 2012-001, 2013-001, 2017-001, 2018-001, 2019-001, 2020-001

Inadequate County-Wide Controls

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

Status: Not corrected. Quarterly meetings of the Officers/Elected Officials are being held to discuss risk management and to revise the Personnel Policy Handbook.

Finding 2011-002, 2012-002, 2017-008, 2018-002

Inadequate Internal Controls Over Information Technology Systems

Finding Summary: Upon inquiry of the County Clerk, County Treasurer, County Assessor, County Sheriff, County Commissioners, and the Court Clerk with regard to information technology systems, the following was noted:

The following offices do have a written Disaster Recovery Plan:

- County Sheriff
- County Commissioners

The Disaster Recovery Plan is not up to date for these offices:

- Court Clerk
- County Assessor

County Clerk:

- Policies and procedures have not been established, documented and followed that would prevent loss of data, unauthorized use, and potential lawsuits.

Status: Partially corrected. The County is currently in the process of implementing additional IT Tech Support and Cybersecurity. Disaster Recovery Plans are also currently being reviewed and updated.

Finding 2011-004, 2012-004, 2013-004

Inadequate Internal Controls Over the County Treasurer's Receipting and Accounting Process

Finding Summary: Based on inquiry of the County Treasurer and her staff, observation and tests of the receipting and accounting process, we noted the following control weaknesses:

- One employee performs the duties of issuing receipts, printing the end of day reports, preparing the deposit, preparing the daily report, and preparing the general ledger.
- All employees operate from the same cash drawer.
- There is no documentation of the independent review of the reconciliations.

Additionally, we noted that an "E Deposit" bank account for the deposit of electronic payments is not included on the general ledger. This account has a balance of less than \$1.00 but has activity each month.

Status: Fully corrected.

Finding 2011-007**Inadequate Controls and Noncompliance Over Purchasing Procedures**

Finding Summary: Upon inquiry of County officials and employees with regard to the purchasing process and observation and test of purchase orders, we determined that the following weaknesses exist in the County purchasing procedures:

- In some cases, the employee that orders the goods and services can also sign the receiving report as a designated receiving agent for the department.
- Signature stamps have not been adequately safeguarded from possible misuse and have been used by someone other than the County official.
- Two County Highway fund purchase orders of the twenty-eight purchase orders tested were not timely encumbered.

Status: Not corrected. Additional internal controls are being considered regarding the purchasing procedures and increased security over signature stamps and digital signatures have been discussed.

Finding 2011-010**Concentration of Duties Within the Payroll Process**

Finding Summary: Upon inquiry of the County Clerk and employees, and observation of documentation, we determined that the payroll duties are concentrated within one employee, as follows:

- Payroll information entered into the County Clerk's computer system is not reviewed by someone other than the preparer (the Payroll Clerk).
- The Payroll Clerk is responsible for enrolling new employees, maintaining personnel files, and entering monthly payroll information.
- One employee is also responsible for printing warrants and stamping the signatures of the three Commissioners and the County Clerk on the warrants.

Status: Not corrected. Officers will receive a verification sheet to review for accuracy prior to presenting of payroll affidavits to the BOCC for consideration of payment. Additionally, policies and procedures regarding payroll expenditures are being reviewed and additional internal controls are being considered.

Finding 2011-011**Inadequate Internal Controls Over Sheriff Employees Time Reporting**

Finding Summary: Upon inquiry of County officials and employees and observation of the Sheriff's documentation of employee payroll, we determined the following:

- The Sheriff submits a summary of the timesheets to the Payroll Clerk.
- There are no employee signatures on the summary.
- Timesheets are not completed by employees.

Status: Fully corrected.

Finding 2011-012**Circumvention of Purchasing Laws and Inadequate Controls Over Sheriff Expenditures**

Finding Summary: As part of our audit of the Sheriff's Official Depository account, we performed a review consisting of inquiry of staff, observation, and tests of documents. We determined that the prior Sheriff circumvented the controls established by the purchasing laws, including the following:

- The Sheriff expended funds directly from the Sheriff's Official Depository account.
- The Official Depository collections were not transferred to the appropriated accounts at the end of each month.
- Purchases were not made from appropriated cash accounts with the approval of the Board of County Commissioners.
- Purchases were not made using purchase orders that were properly requisitioned.
- Receiving reports were not used to adequately document the receipt of goods or services.

Status: Fully corrected.

Finding 2011-018**Inadequate Internal Controls and Noncompliance Over the Distribution of Protested Ad Valorem Taxes**

Finding Summary: The County Treasurer transferred \$3,257,053.61 into the County General Fund from the Protest Tax Account on June 28, 2011, for protest released. She then issued Treasurer's checks to remit the funds to the entities in which the released protest tax belonged. At the end of the fiscal year June 30, 2011, only \$2,172,961.53 had cleared the bank. The remaining \$1,084,092.08 was reported on the monthly report to the General Fund balance of \$1,410,088.53. The amount

which actually belonged in the General Fund was \$325,996.45.

Status: Fully corrected.

FEDERAL AUDIT FINDINGS

Finding 2011-015, 2021-006

Schedule of Expenditures of Federal Awards – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: 1803 and 1883

Federal Award Year: 2010

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting, and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Disaster Grants – Public Assistance, as required by OMB Circular A-133, received for the severe storms, tornadoes, and flooding that occurred in 2008. In particular, the County has not designed an accounting system or year-end process to accumulate and report its “in-kind” labor and equipment charges.

Status: Not corrected. Assigned personnel will continue to educate on procedures for completion of annual SEFA report. All elected officials will sign the SEFA prior to submission to OSA&I. Policy and procedures regarding Federal Expenditures are in the process of being revised.

Finding 2011-016, 2021-007

Schedule of Expenditures of Federal Awards – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: 1803 and 1883

Federal Award Year: 2010

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting, and Special Tests and Provisions

Questioned Costs: \$-0-

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

Status: Not corrected. Assigned personnel will continue to educate on procedures regarding Federal County-Wide Internal Controls. Policy and procedures regarding Federal County-Wide Controls are in the process of being revised.

Finding 2011-017, 2021-008

Schedule of Expenditures of Federal Awards – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: 1803 and 1883

Federal Award Year: 2010

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting, and Special Tests and Provisions

Questioned Costs: \$-0-

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

Status: Not corrected. Assigned personnel will continue to educate on procedures regarding compliance supplements. Policy and procedures regarding FEMA expenditures are in the process of being revised.

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