

COUNTY AUDIT

OKLAHOMA COUNTY SINGLE AUDIT

For the year ended June 30, 2010



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2010**

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Oklahoma State Auditor & Inspector

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April 3, 2012

TO THE CITIZENS OF
OKLAHOMA COUNTY, OKLAHOMA

Transmitted herewith are the Schedule of Expenditures of Federal Awards and the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 of Oklahoma County, Oklahoma for the fiscal year ended June 30, 2010. Our audit report on the financial statements and 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* were issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Reports of this type are critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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Schedule of Expenditures of Federal Awards

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Oklahoma Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 48,229
National School Lunch Program	*10.555	N/A	83,234
Total U.S. Department of Agriculture			<u>131,463</u>
U.S. DEPARTMENT OF INTERIOR			
Direct:			
Payments in Lieu of Taxes	15.226	N/A	13,033
Distribution of Receipts to State and Local Governments	15.227	N/A	3,958
Total U.S. Department of Interior			<u>16,991</u>
U.S. DEPARTMENT OF JUSTICE			
Direct:			
State Criminal Alien Assistance Program	16.606	2008-AP-BX	9,139
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0390	93,124
State Criminal Alien Assistance Program	16.606	2009-AP-BX-1536	150,040
State Criminal Alien Assistance Program	16.606	2007-AP-BX-0061	40,209
Total CFDA #16.606			<u>292,512</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-F4202-OK-DJ	34,626
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)			
Program/Grants to States and Territories	16.803-ARRA	2009-SU-B9-003	107,493
Public Safety Partnership and Community Policing Grants	16.710-ARRA	2009-CK-WX-0475	62,000
Total U.S. Department of Justice			<u>496,631</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Oklahoma Emergency Management:			
State Homeland Security Program (SHSP)	97.073	N/A	3,895
Emergency Management Performance Grants	97.042	N/A	52,454
Hazard Mitigation Grant (HMGP)	97.039	N/A	1,122,033
Total U.S. Department of Homeland Security			<u>1,178,382</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	PT-10-03-30-07	38,874
State and Community Highway Safety	20.600	K8-10-03-05-03	75,392
State and Community Highway Safety	20.600	PT-09-03-19-06	39,628
State and Community Highway Safety	20.600	K8-09-03-08-02	29,159
Total U.S. Department of Transportation			<u>183,053</u>

*Partially Noncash Assistance

The accompanying notes are an integral part of this schedule.

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF ENERGY			
Direct:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128-ARRA	N/A	<u>32,245</u>
Total U.S. Department of Energy			<u>32,245</u>
Total Expenditures of Federal Awards			<u>\$ 2,038,765</u>

The accompanying notes are an integral part of this schedule.

OKLAHOMA COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards has been prepared in conformity with the requirements set forth in the Single Audit Act of 1984, Public Law 98-502, the Single Audit Act Amendments of 1996, Public Law 104-156 and the Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity is the primary government of Oklahoma County as presented in the Comprehensive Annual Financial Report (CAFR).

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the primary government of Oklahoma County and is presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported using the modified accrual basis of accounting in the Comprehensive Annual Financial Report (CAFR). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Department of Agriculture – National School Lunch Program CFDA #10.555

Non-cash assistance in the form of commodities was received from the Oklahoma State Department of Education. The federal value of \$5,156 is included in the Schedule of Expenditures of Federal Awards.

2. Corrected Schedule of Expenditures of Federal Awards

The Hazard Mitigation Grant (HMGP), CFDA# 97.039, which passed through the Oklahoma Emergency Management Department, was not included in the Schedule of Expenditures of Federal Awards. This was discovered subsequent to the report being issued on April 11, 2011. The Schedule of Expenditures of Federal Awards was revised to include \$1,122,033 in expenditures for the Hazard Mitigation Grant Program. This program was required to be tested as a major program and additional compliance procedures were performed. Our report was updated to reflect the additional work performed on this program.

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133



Oklahoma State Auditor & Inspector

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Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

TO THE OFFICERS OF
OKLAHOMA COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Oklahoma County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oklahoma County's major federal programs for the year ended June 30, 2010. Oklahoma County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oklahoma County's management. Our responsibility is to express an opinion on Oklahoma County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Oklahoma 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. Our audit does not provide a legal determination of Oklahoma County's compliance with those requirements.

In our opinion, Oklahoma County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

Internal Control Over Compliance

Management of Oklahoma County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oklahoma County's internal

control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Oklahoma County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-2 to be a material weakness.

Oklahoma County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Oklahoma County's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Oklahoma County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 28, 2011. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Oklahoma County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards has been restated with an accompanying explanatory footnote. The Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 dated April 11, 2011, is not to be relied upon because the previously issued Schedule of Expenditures of Federal Awards was not fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The previously issued report is replaced by this report accompanied by the restated Schedule of Expenditures of Federal Awards.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. This report is also 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

April 11, 2011, except for the major program for
CFDA #97.039, for which the date is April 3, 2012

Schedule of Findings and Questioned Costs

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:..... Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

For fiscal year 2010, 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 and related findings was issued under separate cover dated January 28, 2011, and the Comprehensive Annual Financial Report (CAFR) for Oklahoma County for the year ended June 30, 2010, was also issued under separate cover dated January 28, 2011.

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.803-ARRA	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
16.710-ARRA	Public Safety Partnership and Community Policing Grant
81.128-ARRA	Energy Efficiency and Conservation Block Grant Program
20.600	State and Community Highway Safety
10.553	Child Nutrition Cluster: School Breakfast Program
10.555	National School Lunch Program
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

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

SECTION 2—Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2010-1

FEDERAL AGENCY: United States Department of Justice
CFDA NO: 16.803 - ARRA
FEDERAL PROGRAM NAME: Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
FEDERAL AWARD NUMBER: 2009-SU-B9-003
FEDERAL AWARD YEAR: 2010
CONTROL CATEGORY: Equipment and Real Property Management

Criteria: A-133 Compliance Requirement states in part:
... Equipment records shall be maintained, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained...

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Condition: During our test work of forty Futronic Fingerprint Scanners, we were unable to visually inspect or confirm documentation for twenty-one of them.

Effect: Without accurate inventory records the County may be unable to demonstrate proper accountability over equipment purchased with Federal awards.

Recommendation: OSAI recommends that the County maintain equipment records and establish an appropriate control system to safeguard equipment purchased with Federal funds as required by OMB Circular A-133.

Management Response: The Sheriff's Office does maintain an appropriate inventory system in Lockwood Physical Inventory and Asset Tagging System. The items mentioned, Futronic Fingerprint Scanners, were consumable items that were inventoried properly by the Sheriff's Office Property Section as required by Federal Guidelines but were not signed for by the respective Agencies who received these items as part of the accountability process.

A new form has now been implemented identifying each respective Agency and will be signed for by that Agency representative who receives any item whether consumable or not as part of the accountability process for tracking purposes.

Finding 2010-2

FEDERAL AGENCY: All

CFDA NO: All

FEDERAL PROGRAM NAME: All

FEDERAL AWARD NUMBER: All

FEDERAL AWARD YEAR: 2010

Criteria: OMB Circular A-133§__.300 states that the auditee shall:

Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they are received. Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

OMB Circular A-133§__.310 (b) states in part that the auditee shall:

Prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements... At a minimum, the schedule shall:

(1) List individual Federal programs by Federal agency. Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency.

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

(2) For Federal awards received as a sub recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the schedule.

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub recipients from each Federal program.

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

Condition: We identified Federal program CFDA #97.039 for \$1,122,033, as not being listed on the Oklahoma County Schedule of Expenditures of Federal Awards submitted to the State Auditor's Office as Federal awards expended during our audit year.

Effect: Lack of internal controls over Federal major program expenditures could lead to erroneous reporting and/or material misstatement of the County's Schedule of Expenditures of Federal Awards, and increases the potential for material noncompliance.

Recommendation: OSAI recommends the County establish internal controls to ensure all Federal awards are properly accounted for and reported on the Schedule of Expenditures of Federal Awards.

Management Response: The Oklahoma County Clerk's office will establish internal controls to ensure all Federal awards are properly accounted for and correctly reported on the Schedule of Expenditures for Federal Awards.

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Finding 2009-3

FEDERAL AGENCY: All

CFDA NO: All

FEDERAL PROGRAM NAME: All

FEDERAL AWARD NUMBER: All

FEDERAL AWARD YEAR: 2009

Condition: We identified Federal program CFDA #97.039 for \$1,002,989 as not being listed on the Oklahoma County Schedule of Federal Expenditures submitted to the State Auditor's Office as Federal awards expended during our audit year.

Corrective Action Plan: Oklahoma County has corrected this issue.



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