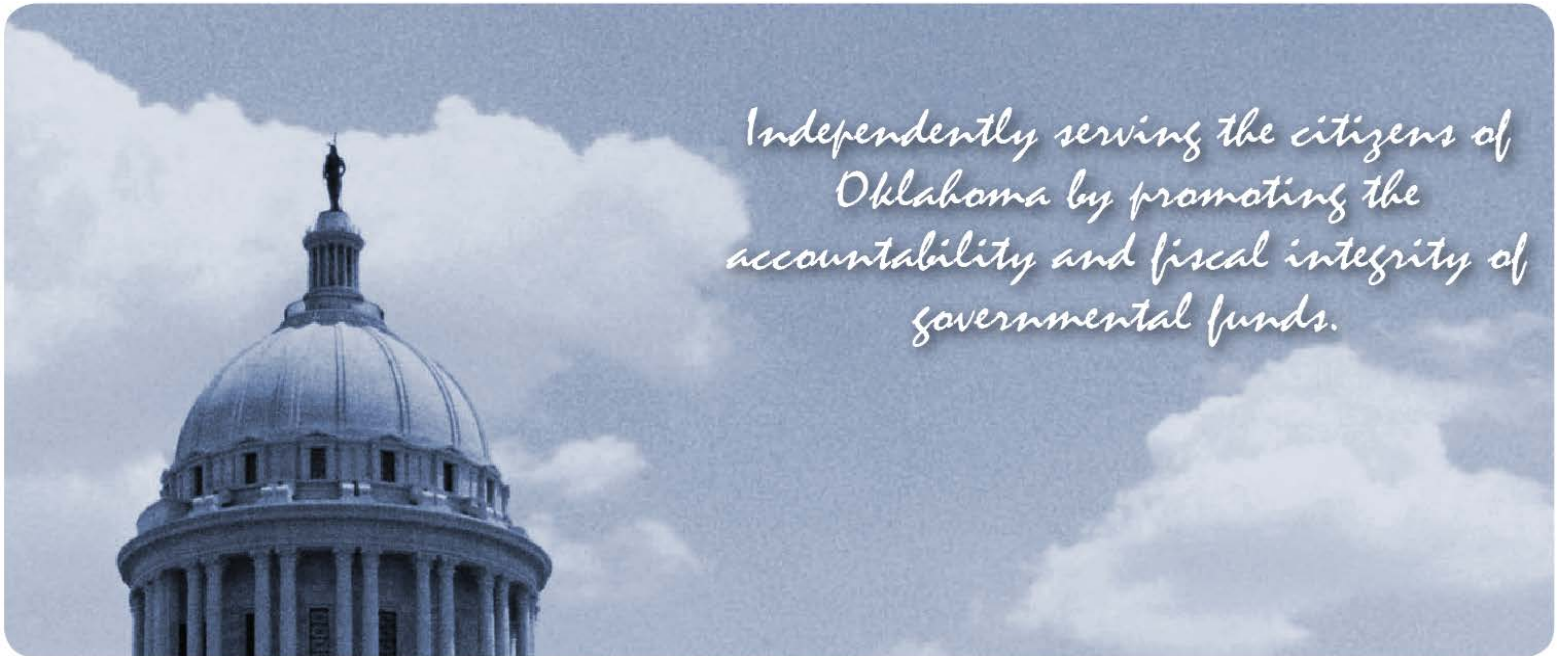


COUNTY AUDIT

# OKLAHOMA COUNTY SINGLE AUDIT

For the fiscal year ended June 30, 2017



*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

**SINGLE AUDIT REPORT  
OKLAHOMA COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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](http://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.



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

April 4, 2018

TO THE CITIZENS OF  
OKLAHOMA COUNTY, OKLAHOMA

Transmitted herewith is the Single Audit Report of Oklahoma County, Oklahoma for the fiscal year ended June 30, 2017. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style.

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

**OKLAHOMA COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**TABLE OF CONTENTS**

Schedule of Expenditures of Federal Awards.....	1
Note to the Schedule of Expenditures of Federal Awards .....	3
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	4
Schedule of Findings and Questioned Costs.....	7
Appendix A: Corrective Action Plan (Prepared by County Management).....	9
Appendix B: Summary Schedule of Prior Audit Findings (Prepared by County Management) .....	11

**Schedule of Expenditures of Federal Awards**

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Food and Nutrition Service			
Passed Through the Oklahoma Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 39,886
National School Lunch Program	*10.555	N/A	69,435
Total U.S. Department of Agriculture			<u>109,321</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Office of Community Planning and Development			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			
	14.228	16234	20,265
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			
	14.228	16522	245,993
Total U.S. Department of Housing and Urban Development			<u>266,258</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Office of the Secretary			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	14,410
Total U.S. Department of Interior			<u>14,410</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Bureau of Justice Assistance			
Direct Grant:			
State Criminal Alien Assistance Program	16.606	SCAAP 2016	51,794
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants	16.710	2013-UM-WX-0132	102,790
Public Safety Partnership and Community Policing Grants	16.710	2014-UM-WX-0052	77,716
Public Safety Partnership and Community Policing Grants	16.710	2015-UM-WX-0141	113,976
Total CFDA # 16.710			<u>294,482</u>
Bureau of Justice Assistance			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0985	906
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0771	2,398
Total CFDA # 16.738			<u>3,304</u>
Total U.S. Department of Justice			<u>349,580</u>

Continued on next page

The accompanying notes are an integral part of this schedule.

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Continued from previous page			
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
National Highway Traffic Safety Administration (NHTSA)			
Passed Through the Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	AL-16-03-12-09	30,928
State and Community Highway Safety	20.600	OP-16-03-05-09	14,951
State and Community Highway Safety	20.600	PT-16-03-16-09	47,580
State and Community Highway Safety	20.600	PT-17-03-15-10	188,085
Total U.S. Department of Transportation			281,544
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Federal Emergency Management Agency (FEMA)			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4247	17,549
Passed Through the Oklahoma Department of Homeland Security:			
Emergency Management Performance Grants	97.042	EMPG	121,198
State Homeland Security Program (SHSP)	97.073	730.05	6,214
Total U.S. Department of Homeland Security			144,961
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,166,074</b>

\*Partially Non-Cash Assistance

The accompanying notes are an integral part of this schedule.

**OKLAHOMA COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**1. Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (the "Schedule") 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**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). Component units included in the CAFR prepare individual financial statements that meet the requirements of the Uniform Guidance, and have not been included in the Schedule. The Uniform Guidance allows non-Federal entities to meet the audit requirements of the Circular through a series of audits that cover the reporting entity.

**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.

**C. Non-Cash-Assistance-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 \$6,500.47 is included in the Schedule of Expenditures of Federal Awards.

The accompanying note is an integral part of this schedule.



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



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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

TO THE OFFICERS OF  
OKLAHOMA COUNTY, OKLAHOMA

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

We have audited Oklahoma County, Oklahoma's compliance with the types of compliance requirements described in the *OMB 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, 2017. 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.

### **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 Oklahoma 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Oklahoma County's compliance.

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

In our opinion, Oklahoma County, complied, in all material respects, with the types of compliance 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, 2017.

### **Report on Internal Control Over Compliance**

Management of Oklahoma 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 Oklahoma 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 Oklahoma 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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2017, and the related notes to the financial statements which collectively comprise Oklahoma County's basic financial statements. We issued our report thereon dated March 26, 2018, which contained unmodified opinions on those financial statements. Our report was modified to include a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

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

March 26, 2018

## **Schedule of Findings and Questioned Costs**

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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 2017, the Comprehensive Annual Financial Report (CAFR) for Oklahoma County for the year ended June 30, 2017, was issued under separate cover dated March 26, 2018.

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? ..... None Reported

Type of auditor's report issued on compliance for major program ..... Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a) of the Uniform Guidance?..... No

Identification of Major Program

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.710	Public Safety Partnership and Community Policing Grants
20.600	State and Community Highway Safety

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

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

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**SECTION 2 – Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

No matters were reported.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**





**BOARD OF COUNTY COMMISSIONERS  
OKLAHOMA COUNTY**

320 ROBERT S. KERR AVENUE, SUITE 101  
OKLAHOMA CITY, OKLAHOMA 73102-3441

**COMMISSIONERS**

**WILLA JOHNSON**  
DISTRICT 1

**BRIAN MAUGHAN**  
DISTRICT 2

**RAY VAUGHN**  
DISTRICT 3  
CHAIRMAN

**Corrective Action Plan  
in accordance with 2 CFR § 200.511c  
for the fiscal year ended June 30, 2017**

<b>Finding No.</b>	<b>Title (Financial) or CFDA No. &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	Inadequate Internal Controls Over Payroll Disbursements (Repeat Finding)	The County Handbook Committee is finalizing an updated version of the County Handbook and will soon make their recommendations to the Budget Board regarding consistency in interfacing with the centralized payroll system to comply with FMLA and FSLA guidelines	4/19/18	Danny Lambert, Chief Deputy and Finance Director, County Clerk's Office
2017-002	Inadequate Internal Controls Over the County Treasurer's Bank Accounts	The Oklahoma County Treasurer's Comptroller was notified by SA&I in November 2017, regarding outdated bank signature cards. All bank signature cards were updated and proof thereof was provided to SA&I on December 1, 2017. Controls have been put in place to update signature cards when applicable.	2/21/18	Christie Miller, Comptroller, County Treasurer's Office

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**(Prepared by County Management)**



**BOARD OF COUNTY COMMISSIONERS  
OKLAHOMA COUNTY**

320 ROBERT S. KERR AVENUE, SUITE 101  
OKLAHOMA CITY, OKLAHOMA 73102-3441

**COMMISSIONERS**

**WILLA JOHNSON**  
DISTRICT 1

**BRIAN MAUGHAN**  
DISTRICT 2

**RAY VAUGHN**  
DISTRICT 3  
CHAIRMAN

**Summary Schedule of Prior Audit Findings  
in accordance with 2 CFR § 200.511c  
for the fiscal year ended June 30, 2017**

**FINANCIAL AUDIT FINDINGS**

**Finding 2010-007, 2011-005, 2012-001, 2013-001, 2014-001, 2015-002, 2016-001  
Inadequate Internal Controls Over Payroll Disbursements**

**Finding Summary:** During the examination of internal controls over processing of payroll, we noted certain weakness:

- The centralized payroll process approved by the Budget Board and Board of County Commissioners is not being utilized.
- To date, the Oklahoma County Employee Handbook has not been approved to ensure the Fair Labor Standards Act (FLSA) guidelines are properly documented to assure non-exempt/exempt status and the calculations of overtime and holiday leave are consistent throughout all County Departments.

**Status:** No corrective action was taken. The BOCC Chairman responds with, The County Handbook Committee is finalizing an updated version of the County Handbook and will soon make their recommendations to the Budget Board regarding consistency in interfacing with the centralized payroll system to comply with FMLA and FSLA guidelines.

**FEDERAL AUDIT FINDINGS**

**No Prior Year Federal Findings**



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
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OKLAHOMA CITY, OK 73105-4896

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