



ROGERS COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**SINGLE AUDIT REPORT
ROGERS COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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

March 4, 2021

TO THE CITIZENS OF
ROGERS COUNTY, OKLAHOMA

Transmitted herewith is the Single Audit Report of Rogers County, Oklahoma for the fiscal year ended June 30, 2019. 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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



ROGERS COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Schedule of Expenditures of Federal Awards

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF COMMERCE			
Direct Grant			
Investment for Public Works and Economic Development Facilities	11.300	08-79-05211	\$ 1,110,322
Total U.S. Department of Commerce			<u>1,110,322</u>
U.S. DEPARTMENT OF DEFENSE			
Passed Through Oklahoma State Treasurer:			
Flood Control Projects	12.106	N/A	36,396
Total U.S. Department of Defense			<u>36,396</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the State of Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16508-15	59,821
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17147-17	383,519
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17050-17	230,055
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17410-12	325,000
Total U.S. Department of Housing and Urban Development			<u>998,395</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	86,574
Total U.S. Department of Interior			<u>86,574</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Oklahoma District Attorneys Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-LLE-2018 Rogers Co-00143	9,248
Total U.S. Department of Justice			<u>9,248</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Public Safety			
State and Community Highway Safety	20.600	OHSO-FFY 2019 Rogers Co 00038	17,438
Total U.S. Department of Justice			<u>17,438</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG 17 AND 18	20,209
Total U.S. Department of Homeland Security			<u>20,209</u>
Total Expenditures of Federal Awards			<u>\$ 2,278,582</u>

The accompanying notes are an integral part of this schedule.

ROGERS COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Rogers 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.

B. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of Rogers 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.

2. Indirect Cost Rate

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

3. Outstanding Loans

As of June 30, 2019, CFDA 81.128 – ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$227,321.

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

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

TO THE OFFICERS OF
ROGERS COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited Rogers 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 Rogers County's major federal programs for the year ended June 30, 2019. Rogers 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 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 Rogers 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 Rogers County's compliance.



Opinion on Each Major Federal Program

In our opinion, Rogers 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-025. Our opinion on each the major federal program is not modified with respect to this matter.

Rogers County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rogers 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 Rogers 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 Rogers 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 Rogers 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 2019-021, 2019-022, 2019-023, and 2019-024, that we consider to be material weaknesses.

Rogers County's Response to Findings

Rogers 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. Rogers 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. 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.

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

We have audited the financial statement of Rogers County as of and for the year ended June 30, 2019, and have issued our report thereon dated December 22, 2020, which contained an unmodified opinion on that financial statement. Our audit was conducted for the purpose of forming and opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with 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 financial statement as a whole.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 3, 2021 except as to the Schedule of Expenditures
of Federal Awards, for which the date is December 22, 2020

Schedule of Findings and Questioned Costs

**ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 1 - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?..... Yes

For fiscal year ended 2019, the Financial Statement Audit Report for Rogers County for the year ended June 30, 2019, was issued under separate cover dated December 22, 2020.

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 program Unmodified

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

CFDA Number(s)

Name of Federal Program or Cluster

11.300

Investments for Public Works and
Economic Development Facilities

14.228

Community Development Block
Grant/State's program and Non-
Entitlement Grants in Hawaii

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Auditee qualified as low-risk auditee? No

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 2019-001 – Lack of County-Wide Controls (Repeat Finding 2008-003, 2009-003, 2010-003, 2011-004, 2012-004, 2013-004, 2014-003, 2015-003, 2016-001, 2017-001, 2018-001)

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

The County began holding monthly staff meetings with the county-wide offices. These meetings have addressed some of the County's deficiencies with Risk Assessment and Monitoring controls. However, to date, the County still does not appear to have controls in place to ensure annual financial statements or the Schedule of Expenditures of Federal Awards (SEFA) are reviewed for accuracy and completeness, to ensure audit findings are corrected, or to address risks related to fraudulent activity and noncompliance with laws.

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:

Board of County Commissioners: The Board of County Commissioners (BOCC) is working with all elected officials to develop policies and procedures to ensure a strong internal control environment. These policies are intended to ensure the accuracy of the County's financial statements, Estimate of Needs, SEFA, and compliance with all statutory requirements. The County discontinued all interdepartmental purchase orders in fiscal year 2019. The County engaged an accounting firm to assist in the preparation of financial statements and is working with elected officials to increase the oversight and accuracy of financial reporting. With respect to SEFA reporting, Rogers County is developing a standard operating procedure to accurately track and report SEFA grants. Monthly staff meetings address financial reports, budget oversight, SEFA reporting, and legal compliance.

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

County Clerk: The County Clerk's office is working with all elected officials to develop policies and procedures to ensure a strong internal control environment. These policies are intended to ensure the accuracy of the County's financial statements, Estimate of Needs, SEFA, and compliance with all statutory requirements. The County discontinued all interdepartmental purchase orders in fiscal year 2019. The County Clerk's office will continue to work with elected officials to ensure compliance.

County Treasurer: All federal revenues are received/receipted in the County Treasurer's office. The County Treasurer's office will continue to provide all offices and officials with federal revenues received in the County Treasurer's office. Additionally, on an annual basis, the BOCC contracts with an accounting firm to prepare the financial statements. The County Treasurer's office began to review the financial statements prepared by this accounting firm fiscal year 2020. The BOCC engaged a new accounting firm to assist in the preparation of the fiscal year 2021 financial statements.

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.

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.

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Finding 2019-004 – Lack of Internal Controls Over the Financial Statement, Notes to the Financial Statement, and Supplemental Information (Repeat Finding - 2016-007, 2017-007, 2018-004)

Condition: The County is responsible for preparing their annual financial statements, notes to the financial statements, and supplemental information. However, this required information was not submitted to, and received by OSAI, until February 10, 2020, seven months after fiscal year end.

Additionally, during the review and reconciliation of the financial statement, as initially prepared by the County, the following was noted:

- Apportionment errors of \$1,485,181 in the aggregate. These errors were due to:
 - \$272,918 in fund to fund disbursements,
 - \$822,306 in sales tax collections remitted out and not apportioned,
 - \$324,290 in drug court collections deposited and retained in the official depository, and \$65,667 in apportionment and transfer classification errors.
- Transfer In errors of \$312,431 in the aggregate, due to:
 - \$150,616 in residual and operational transfers-in classification errors and
 - \$161,815 in residual and operational transfers-out classification errors.
- Disbursement errors of \$1,301,895 in the aggregate, due to:
 - \$272,918 in fund to fund disbursements,
 - \$822,306 in sales tax collections remitted out instead of being apportioned, appropriated, and disbursed on purchase order and warrant,
 - \$163,105 in drug court expenditures made from the official depository, and
 - \$43,566 in disbursement and transfer classification errors.
- Beginning fund balance errors of \$414 in the aggregate, due to beginning fund balances being transposed and adjusted.
- Ending fund balance errors of \$161,499 in the aggregate due to:
 - \$161,186 in County fund being held in the Official Depository for the Drug Court fund and
 - \$313 in beginning balance errors not corrected.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County's financial statements, notes to the financial statement, and supplemental information are accurately presented.

Effect of Condition: These conditions resulted in the cash balance, revenues, and disbursements being inaccurately reported on the County financial statements and the financial statements, notes to the financial statements, and supplemental information not being completed in a timely manner.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure the financial statements, notes to the financial statements, and supplemental information are reviewed for accuracy and completeness, and approved by management. OSAI also recommends the County present financial statements and applicable notes to the financial statements, to OSAI for review within two months of fiscal year end.

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Management Response:

Board of County Commissioners: The BOCC is working to implement policies and procedures to ensure accurate and timely reporting of the County's financial statements, notes to financial statements, and supplemental information. The BOCC engaged a new accounting firm to assist in the preparation of financial statements for fiscal year 2021. Rogers County discontinued interdepartmental purchase orders in fiscal year 2019. The BOCC will continue working with all elected officials to ensure compliance and oversight of financial reports.

County Clerk: The County Clerk's office will continue to work with all elected officials to ensure accurate financial reporting. The County Clerk will develop necessary policies and procedures to track apportionment and transfer classification as necessary. Additionally, Rogers County discontinued interdepartmental purchase orders in fiscal year 2019.

County Treasurer: The County Treasurer's office will continue to accurately record transactions on the underlying financial records used in the preparation of the County's financial statements. Beginning in fiscal year 2020, the Treasurer's office took on a more active role in working with the County's budget maker to ensure accurate financials were submitted. This office now reviews the OSAI prescribed transfer forms 237 & 240 to ensure accuracy as they pertain to the County's financials (per OSAI Standard Operating Procedures). Additionally, Rogers County discontinued interdepartmental purchase orders in fiscal year 2019.

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

Finding 2019-013 – Lack of Internal Controls and Noncompliance Over Disbursement Process (Repeat Finding - 2005-002, 2006-004, 2008-006, 2009-006, 2010-006, 2011-002, 2012-002, 2014-002, 2015-002, 2016-009, 2017-009, 2018-005)

Condition: Upon inquiry of County personnel and observation of the County's disbursement process, we noted the following:

**ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

A sample of sixty-seven (67) out of fifty-one thousand four hundred and thirty-six (51,436) expenditures reflected that six (6) expenditures totaling \$1,301,381 were not encumbered prior to receiving goods or services.

Additionally, the County issued one hundred sixty-one (161) purchase orders and warrants totaling \$272,917 between County funds. The purchase orders and warrants were issued to reimburse one county fund for another county fund's actual expenditures, transfers from one county fund to another, or correct apportionment errors.

Furthermore, beginning September 2018, the County stopped issuing purchase orders and warrants from the Drug Court fund. Drug Court revenues and expenditures were maintained in the Official Depository fund. Drug Court funds in the amount of \$163,975 were expended on an Official Depository voucher. These expenditures were approved by the Associate District Judge and not the Board of County Commissioners.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County is in compliance with state statutes regarding the disbursement process for all County funds. Additionally, policies and procedures have not been designed and implemented to ensure purchase orders are not issued for the purpose of transferring funds or to correct errors.

Effect of Condition: These conditions resulted in noncompliance with state statutes, unrecorded transactions, undetected errors, and inaccurate records and could have resulted in the misappropriation of funds.

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

Management Response:

Board of County Commissioners: Rogers County has implemented policies and procedures to ensure all expenditures comply with state statutes. Rogers County discontinued interdepartmental purchase orders in fiscal year 2019. Policies and procedures have been created to ensure, regarding the disbursement process, that all expenditures are supported by adequate documentation.

Beginning in September 2018, and upon advice of counsel, the Board of County Commissioners discontinued any affiliation and/or involvement with the Drug Court Program operated by the District Court of Rogers County. Pursuant to the opinion of the Rogers County District Attorney's Office, the Rogers County Drug Court is not a Rogers County program and receives no funding from Rogers County. Therefore, Rogers County terminated any and all involvement in the Rogers County Drug Court program.

County Clerk: The County Clerk's office works diligently to ensure that requisitions are presented for numbering prior to purchases or services being rendered. Policies and procedures have been implemented to ensure that all purchase orders comply with state statutes. Rogers County discontinued interdepartmental

**ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

purchase orders in fiscal year 2019. Policies and procedures have been created to ensure, regarding the disbursement process, that all expenditures are supported by adequate documentation.

Beginning in September 2018, and upon advice of counsel, the Board of County Commissioners discontinued any affiliation and/or involvement with the Drug Court Program operated by the District Court of Rogers County. Pursuant to the opinion of the Rogers County District Attorney's Office, the Rogers County Drug Court is not a Rogers County program and receives no funding from Rogers County. Therefore, Rogers County terminated any and all involvement in the Rogers County Drug Court program.

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.

Effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

Title 68 O.S. § 3003 states in part, ... “The recipient government may encumber funds in an amount not to exceed the sum of the total letter of commitment, which is a binding commitment of funding which the recipient government will receive for the project or projects eligible for such federal funding. The encumbrance of funds authorized by this section shall be made in accordance with procedures prescribed by the State Auditor and Inspector and shall be administered in accordance with rules and regulations concerning such distribution adopted by the federal government and the state agency, board, or commission. Any expenditure incurred by the recipient government using the letter of commitment appropriation process and disallowed by the federal government or state agency, board, or commission administering the funds shall be paid by the recipient government.”

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

Finding 2019-021 – Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (Repeat Finding - 2008-013, 2009-013, 2010-013, 2012-008, 2013-008, 2014-007, 2017-005, 2018-003)

PASS-THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Commerce

CFDA NO: 11.300

FEDERAL PROGRAM NAME: Investments for Public Works and Economic Development Facilities

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL AWARD NUMBER: 08-79-05211

FEDERAL AWARD YEAR: 2019

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Matching; Reporting; and Special Tests and Provisions.

PASS-THROUGH GRANTOR: Oklahoma Department of Commerce

FEDERAL AGENCY: U.S. Department of Housing and Urban Development

CFDA NO: 14.228

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

FEDERAL AWARD NUMBER: 16608-15; 17050-17; 17410-12; 17147-17

FEDERAL AWARD YEAR: 2017, 2018, and 2019

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Equipment and Real Property Management, Matching, Period of Performance, Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring and Special Tests and Provisions.

Condition: During our audit we identified federal programs that were not reported accurately on the County's SEFA. Federal expenditures were overstated by \$148,522.

The following misstatements were noted:

Expenditures:

- The actual expenditures for Investment for Public Works and Economic Development Facilities, CFDA 11.300, were \$1,110,322 however, the County reported \$857,657, which understated expenditures by \$252,665.
- The actual expenditures for Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, CFDA 14.228, were \$998,395; however, the County reported \$1,068,241, which overstated expenditures by \$69,846.
- The actual expenditures for Edward Byrne Memorial Justice Assistance Grant Program, CFDA 16.738, were \$9,248; however, the County reported \$19,148, which overstated expenditures by \$9,900.
- The actual expenditures for NICS Act Record Improvement Program, CFDA 16.813, were \$0; however, the County reported \$17,067, which overstated expenditures by \$17,067.
- The actual expenditures for Energy Efficiency and Conservation Block Grant Program (EECBG), CFDA 81.128, were \$0; however, the County reported \$272,500, which overstated expenditures by \$272,500.
- The actual expenditures for Emergency Management Performance Grants, CFDA 97.042, were \$20,209; however, the County reported \$52,113, which overstated expenditures by \$31,904.

ROGERS COUNTY, OKLAHOMA
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Reported Total Expenditures of Federal Awards	\$ 2,427,134
Plus: Investment for Public Works and Economic Development Facilities (CFDA 11.300)	252,665
Less: Community Development Block Grant Grants/State's program and Non-Entitlement Grants in Hawaii (CFDA 14.228)	69,846
Less: Edward Byrne Memorial Justice Assistance Grant (CFDA 16.738)	9,900
Less: NICS Act Record Improvement Program (CFDA 16.813)	17,067
Less: Energy Efficiency and Conservation Block Grant Program (EECBG)	272,500
Less: Emergency Management Performance Grants (CFDA 97.042)	<u>31,904</u>
Actual Federal Expenditures of Federal Awards	<u>\$ 2,278,582</u>
Original SEFA Overstated by	<u>\$ 148,552</u>

Additionally, the County did not present the SEFA to OSAI until January 9, 2020, six months after fiscal year end.

Cause of Condition: Internal controls over the SEFA have not been designed and implemented to ensure accurate and timely reporting of expenditures for federal awards.

Effect of Condition: These conditions resulted in the erroneous reporting of expenditures on the County's SEFA and could increase the potential for material noncompliance.

Recommendation: OSAI recommends county officials and department heads gain an understanding of federal programs awarded to Rogers 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:

Board of County Commissioners: Rogers County is developing a Standard Operation Procedure (SOP) to timely and accurately track and report federal revenues and expenditures on the SEFA. To ensure compliance with federal requirements, the SOP will include internal control procedures to report expenditures and revenues for all federally awarded programs and internal controls to monitor compliance with laws and regulations pertaining to grant contracts. The SOP will be reviewed, adopted, and monitored by Rogers County through the Board of County Commissioners.

County Clerk: The County Clerk's office is working with all elected officials to develop policies and procedures to ensure compliance with SEFA reporting requirements and will continue to work with elected officials to comply with all SEFA reporting requirements.

County Treasurer: The County Treasurer's office will continue to accurately record proceeds associated with federal programs. The County Treasurer's office has no active role in the SEFA compilation report.

ROGERS COUNTY, OKLAHOMA
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County Sheriff: The County Sheriff's office has worked with all elected officials to develop policies and procedures to comply with all SEFA reporting requirements. Additionally, procedures have been put in place to ensure timely and accurate tracking of expenses related to federal awards.

Criteria: Title 2 CFR 200 § 200.510(a)(b) Financial Statements reads as follows: (a) Financial statements. The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements must be for the same organizational unit and fiscal year that is chosen to meet the requirements of this part. However, non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with §200.514 Scope of audit, paragraph (a) and prepare separate financial statements. (b) 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.

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 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. [...]

Additionally, 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

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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apply to the entity. Management is expected to set objectives that incorporate these requirements.

Furthermore, GAO Standards – Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

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

Finding 2019-022 – Lack of County-Wide Internal Controls Over Major Federal Programs (Repeat Finding - 2008-019, 2010-23, 2012-9, 2013-009, 2014-008, and 2018-011)

PASS-THROUGH GRANTOR: Direct Grant

FEDERAL AGENCY: U.S. Department of Commerce

CFDA NO: 11.300

FEDERAL PROGRAM NAME: Investments for Public Works and Economic Development Facilities

FEDERAL AWARD NUMBER: 08-79-05211

FEDERAL AWARD YEAR: 2019

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Matching; Reporting; and Special Tests and Provisions.

PASS-THROUGH GRANTOR: Oklahoma Department of Commerce

FEDERAL AGENCY: U.S. Department of Housing and Urban Development

CFDA NO: 14.228

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

FEDERAL AWARD NUMBER: 16608-15; 17050-17; 17410-12; 17147-17

FEDERAL AWARD YEAR: 2017, 2018, and 2019

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Equipment and Real Property Management, Matching, Period of Performance, Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring and Special Tests and Provisions.

Condition: County-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring in relation to the administration of major federal programs have not been designed.

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

Effect of Condition: This condition could result in noncompliance to grant requirements.

Recommendation: OSAI recommends that the County design and implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

Board of County Commissioners: Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure compliance with all applicable compliance requirements.

Criteria: 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.

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.

ROGERS COUNTY, OKLAHOMA
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Finding 2019-023 – Lack of Internal Controls Over Major Federal Program - Investment for Public Works and Economic Development Facilities

PASS-THROUGH GRANTOR: Economic Development Administration

FEDERAL AGENCY: U.S. Department of Commerce

CFDA NO: 11.300

FEDERAL PROGRAM NAME: Investment for Public Works and Economic Development Facilities

FEDERAL AWARD NUMBER: 08-79-05211

FEDERAL AWARD YEAR: 2018

CONTROL CATEGORY: Reporting and Special Tests and Provisions

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Rogers County has not established procedures to ensure compliance with the following compliance requirements: Reporting and 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: These conditions could result in noncompliance to grant requirements and could lead to the loss of federal funds to the County.

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

Management Response:

Board of County Commissioners: Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure compliance with all grant requirements.

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).

ROGERS COUNTY, OKLAHOMA
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Additionally, 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 2019-024 – Lack of Internal Controls Over Major Federal Program - Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (Repeat Finding - 2018-012)

PASS-THROUGH GRANTOR: Oklahoma Department of Commerce

FEDERAL AGENCY: U.S. Department of Housing and Urban Development

CFDA NO: 14.228

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

FEDERAL AWARD NUMBER: 16608-15; 17050-17; 17410-12; 17147-17

FEDERAL AWARD YEAR: 2017, 2018, and 2019

CONTROL CATEGORY: Equipment and Real Property Management; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; Special Tests and Provisions

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that Rogers County has not established procedures to ensure compliance with the following compliance requirements: Equipment and Real Property Management; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring, and 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 could result in noncompliance to grant requirements and could lead to the loss of federal funds to the County.

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

Management Response:

Board of County Commissioners: Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure compliance with all grant requirements.

**ROGERS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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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).

Additionally, 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 2019-025 – Noncompliance with Compliance Requirement M - Subrecipient Monitoring

PASS-THROUGH GRANTOR: Oklahoma Department of Commerce

FEDERAL AGENCY: U.S. Department of Housing and Urban Development

CFDA NO: 14.228

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

FEDERAL AWARD NUMBER: 16608-15; 17050-17; 17410-12; 17147-17

FEDERAL AWARD YEAR: 2017, 2018, and 2019

CONTROL CATEGORY: Subrecipient Monitoring

Condition: The County reviewed 100% of the subrecipients' expenditures to ensure expenditures were for allowable purposes; complied with laws, regulations, and provisions of the grant agreement; and achieved performance goals. The County also approved all the subrecipients' expenditures in an open meeting and retained records of all subrecipients' expenditures. However, the County did not view the Tulsa Port of Catoosa Facilities Authority, the Mayes County Rural Water District 2, or the Rogers County Rural Water District 3, as subrecipients of the County. Therefore, the County as the pass-through entity (PTE) did not:

- Establish internal controls to ensure compliance with all subrecipient monitoring requirements.
- Clearly identify to the subrecipient(s):
 - the award as a subaward,

**ROGERS COUNTY, OKLAHOMA
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- all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award, and
 - any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award.
- Ensure applicable audits were performed on the subrecipients as required.

Cause of Condition: The County has not designed and implemented policies and procedures to ensure the County correctly identifies subrecipient or vendor relationships. Additionally, policies and procedures have not been designed and implemented to ensure compliance with all monitoring requirements.

Effect of Condition: These conditions resulted in noncompliance with grant requirements, unrecorded transactions, and misappropriation of assets. Additionally, these conditions could lead to the loss of federal funds to the County.

Recommendation: OSAI recommends the County design and implement controls to ensure all subrecipients are properly identified and monitored. OSAI also recommends the County implement internal control procedures to ensure compliance with all grant requirements.

Management Response:

Board of County Commissioners: Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure accurate subrecipient monitoring.

Criteria: 2 CFR § 200.331 *Requirements for Pass-through Entities* states in relevant part,

“All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

- (i) Subrecipient name (which must match the name associated with its unique entity identifier);
- (ii) Subrecipient's unique entity identifier;
- (iii) Federal Award Identification Number (FAIN);
- (iv) Federal Award Date (see § 200.39 Federal award date) of award to the recipient by the Federal agency;

**ROGERS COUNTY, OKLAHOMA
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- (v) Subaward Period of Performance Start and End Date;
 - (vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - (viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
 - (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
 - (xii) Identification of whether the award is R&D; and
 - (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (f);
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward...
- (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements. “

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



Rogers County Commissioners

200 South Lynn Riggs Blvd · Claremore, Oklahoma 74017 · Office (918) 923-4798

Commissioner Dan DeLozier
District 1

Commissioner Steve Hendrix
District 2

Commissioner Ron Burrows
District 3

Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2019

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Lack of County-Wide Controls	Rogers County is working to develop policies and procedures to ensure a strong internal control environment. These policies are intended to ensure the accuracy of the County's financial statements, SEFA, and compliance with all statutory requirements. The County discontinued all interdepartmental purchase orders in fiscal year 2019. The County engaged an accounting firm to assist in the preparation of financial statements and is working with elected officials to increase the oversight and accuracy of financial reporting. With respect to SEFA reporting, Rogers County is developing a standard operating procedure to accurately track and report SEFA grants. Monthly staff meetings address financial reports, budget oversight, SEFA reporting, and legal compliance.	03/03/22	Dan DeLozier
2019-004	Lack of Internal Controls Over the Financial Statement, Notes to the Financial Statement, and Supplemental Information	Rogers County is working to implement policies and procedures to ensure accurate and timely reporting of the County's financial statements, notes to financial statements, and supplemental information. The BOCC engaged a new accounting firm to assist in the preparation of financial statements for fiscal year 2021. Rogers County discontinued interdepartmental purchase orders in fiscal year 2019. The BOCC will continue working with all elected officials to ensure compliance and oversight of financial reports.	03/03/22	Dan DeLozier

2019-013	Lack of Internal Controls and Noncompliance Over Disbursement Process	<p>Rogers County has implemented policies and procedures to ensure all expenditures comply with state statutes. Rogers County discontinued interdepartmental purchase orders in fiscal year 2019.</p> <p>Beginning in September 2018, and upon advice of counsel, the Board of County Commissioners discontinued any affiliation and/or involvement with the Drug Court Program operated by the District Court of Rogers County. Pursuant to the opinion of the Rogers County District Attorney's Office, the Rogers County Drug Court is not a Rogers County program and receives no funding from Rogers County. Therefore, Rogers County terminated any and all involvement in the Rogers County Drug Court program.</p>	03/03/22	Dan DeLozier
2019-021	<p>11.300 – Investments for Public Works and Economic Development Facilities</p> <p>14.228- Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii</p>	Rogers County is developing a Standard Operation Procedure (SOP) to timely and accurately track and report federal revenues and expenditures on the SEFA. To ensure compliance with federal requirements, the SOP will include internal control procedures to report expenditures and revenues for all federally awarded programs and internal controls to monitor compliance with laws and regulations pertaining to grant contracts. The SOP will be reviewed, adopted, and monitored by Rogers County through the Board of County Commissioners.	03/03/22	Dan DeLozier
2019-022	<p>11.300 – Investments for Public Works and Economic Development Facilities</p> <p>14.228- Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii</p>	Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure compliance with all applicable compliance requirements.	03/03/22	Dan DeLozier
2019-023	11.300 – Investments for Public Works and Economic	Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process,	03/03/22	Dan DeLozier

	Development Facilities	verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure compliance with all grant requirements.		
2019-024	14.228 – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure compliance with all grant requirements.	03/03/22	Dan DeLozier
2019-025	14.228 – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Rogers County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure accurate subrecipient monitoring.	03/03/22	Dan DeLozier

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



Rogers County Commissioners

200 South Lynn Riggs Blvd · Claremore, Oklahoma 74017 · Office (918) 923.4798

Commissioner Dan DeLozier
District 1

Commissioner Steve Hendrix
District 2

Commissioner Ron Burrows
District 3

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2019

FINANCIAL AUDIT FINDINGS

Finding: 2005-002, 2006-004, 2008-006, 2009-006, 2010-006, 2011-002, 2012-002, 2013-002, 2014-002, 2015-002, 2016-009, 2017-009, 2018-005

Inadequate Internal Controls and Noncompliance Over Disbursements

Finding Summary: A sample of sixty-four (64) expenditures noted reflected the following:

- Two (2) expenditures totaling \$479,385 were not supported by adequate documentation.
- Eight (8) expenditures totaling \$1,629,336 were not encumbered prior to receiving goods or services.

Additionally, the County issued two hundred and one (201) purchase orders and warrants totaling \$3,995,036.55 between County funds.

Status: Not Corrected. To correct this issue the County has implemented policies and procedures to ensure all expenditures comply with state statutes and are supported by adequate documentation. Additionally, the County discontinued interdepartmental purchase orders in fiscal year 2019.

Finding 2008-003, 2009-003, 2010-003, 2011-004, 2012-004, 2013-004, 2014-003, 2015-003, 2016-001, 2017-001, 2018-001

Lack of County-Wide Internal Controls

Finding Summary: Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been fully designed and implemented.

Status: Not Corrected. To correct these issues the County is working to implement policies and procedures to increase oversight over financial reporting and to ensure the accuracy of financial statements and the Schedule of Federal Awards ("SEFA").

Finding 2016-007, 2017-007, 2018-004

Lack of Internal Controls Over the Financial Statement, Notes to the Financial Statement, and Supplemental Information

Finding Summary: The County's annual financial statements, notes to the financial statements, and supplemental information was not submitted to OSAI until March 12, 2019, eight months after the fiscal year end. The financial statements prepared by the County obtained significant errors as follows:

- Apportionment errors of \$1,805,174 in the aggregate.
- Transfer errors of \$2,276,260 in the aggregate.
- Disbursement errors of \$1,730,842 in the aggregate.
- Beginning fund balance errors of \$22,622 in the aggregate.
- Ending fund balance errors of \$14,961 in the aggregate.

Status: Not corrected. To correct these issues the County is working to implement policies and procedures to increase oversight over financial reporting and to ensure the accurate and timely presentation of financial statements, notes to the financial statements, and supplemental information. Additionally, the County discontinued interdepartmental purchase orders in fiscal year 2019.

FEDERAL AUDIT FINDINGS

Finding: 2008-013, 2009-013, 2010-013, 2012-008, 2013-008, 2014-007, 2017-005, 2018-003

Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards

Pass-Through Grantor: Oklahoma department of Commerce

Federal Agency: U.S. Department of Housing and Urban Development

CFDA No: 14.228

Federal Program Name: Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii

Federal Grant Award Number: 16608-15 and 16721-16

Federal Award Year: 2018

Control Category: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Equipment and Real Property Management; Matching; Period of Performance; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: Federal program expenditures were not reported accurately on the County's SEFA resulting in federal expenditures being understated \$287,916.

Status: Not Corrected. To correct this issue the County plans to develop a Standard Operation Procedure ("SOP") to timely and accurately track and report federal revenues and expenditures on the SEFA. To ensure compliance with Federal requirements, the SOP will include internal control procedures to report expenditures and revenues for all federally awarded programs and internal controls to monitor compliance with laws and regulations pertaining to grant contracts. The SOP will be reviewed, adopted, and monitored by Rogers County through the Board of County Commissioners.

Finding 2018-011

Lack of County-Wide Controls Over Major Federal Program - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Pass-Through Grantor: Oklahoma department of Commerce

Federal Agency: U.S. Department of Housing and Urban Development

CFDA No: 14.228

Federal Program Name: Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii (CDBG)

Federal Grant Award Number: 16608-15 and 16721-16

Federal Award Year: 2018

Control Category: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Equipment and Real Property Management; Matching; Period of Performance; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

Status: Not Corrected: To correct this issue the County plans to develop a Standard Operation Procedure ("SOP") to timely and accurately track and report federal revenues and expenditures on the SEFA. To ensure compliance with Federal requirements, the SOP will include internal control procedures to report expenditures and revenues for all federally awarded programs and internal controls to monitor compliance with laws and regulations pertaining to grant contracts. The SOP will be reviewed, adopted, and monitored by Rogers County through the Board of County Commissioners.

Finding 2018-012

Lack of Internal Controls Over Major Federal Program - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Pass-Through Grantor: Oklahoma department of Commerce

Federal Agency: U.S. Department of Housing and Urban Development

CFDA No: 14.228

Federal Program Name: Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii (CDBG)

Federal Grant Award Number: 16608-15 and 16721-16

Federal Award Year: 2018

Control Category: Equipment and Real Property Management; Matching; Period of Performance; Procurement and Suspension and Debarment; Reporting; and Subrecipient Monitoring

Questioned Costs: \$-0-

Finding Summary: Procedures have not been established to ensure compliance with the following compliance requirements: Equipment and Real Property Management; Procurement and Suspension and Debarment; Reporting; and Subrecipient Monitoring.

Status: Not Corrected. To correct this issue the County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure accurate subrecipient monitoring.

Finding 2018-018

Noncompliance With Compliance Requirement M - Subrecipient Monitoring

Pass-Through Grantor: Oklahoma department of Commerce

Federal Agency: U.S. Department of Housing and Urban Development

CFDA No: 14.228

Federal Program Name: Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii (CDBG)

Federal Grant Award Number: 16608-15 and 16721-16

Federal Award Year: 2018

Control Category: Subrecipient Monitoring

Questioned Costs: \$735,731

Finding Summary: The County did not review the entities that they provided CDBG funds to as subrecipients; therefore, the county did not comply with all aspects of the subrecipient monitoring requirement.

Status: Not Corrected. To correct this issue the County is currently working with state and local partners to develop policies, procedures, and internal controls designed to accurately track grants, including the application process, verification, oversight, and reporting of grant requirements. These policies and procedures are intended to identify requirements for recipients and subrecipients of grants and to ensure accurate subrecipient monitoring.



Cindy Byrd, CPA | State Auditor & Inspector

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