



TULSA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**SINGLE AUDIT REPORT
TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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September 23, 2022

TO THE CITIZENS OF
TULSA COUNTY, OKLAHOMA

Transmitted herewith is the Single Audit Report of Tulsa County, Oklahoma for the fiscal year ended June 30, 2021. 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.

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.

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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Schedule of Expenditures of Federal Awards

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Food and Nutrition Service				
Passed Through the Oklahoma Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A		\$ 12,270
National School Lunch Program	10.555	N/A		22,659
Total Child Nutrition Cluster				<u>34,929</u>
Total U.S. Department of Agriculture				<u>34,929</u>
U.S. DEPARTMENT OF DEFENSE				
Passed Through Oklahoma State Treasurer:				
Flood Control Projects	12.106	N/A		1,980
Total U.S. Department Defense				<u>1,980</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Grant:				
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-40-0001	\$ 139,027	139,027
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-40-0001	16,946	16,946
Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-40-0001	26,900	26,900
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-40-0001	57,733	57,733
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-40-0001	160,173	182,513
Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-40-0001	736,769	862,888
Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-40-0001	395,840	395,840
Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-40-0001	<u>779,403</u>	<u>821,948</u>
Total Assistance Listing 14.218			<u>2,312,791</u>	<u>2,503,795</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	339,784	405,290
Total U.S. Department of Housing and Urban Development			<u>2,652,575</u>	<u>2,909,085</u>
U.S. DEPARTMENT OF INTERIOR				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		8,501
Total U.S. Department of Interior				<u>8,501</u>
U.S. DEPARTMENT OF JUSTICE				
Office on Violence Against Women				
Direct Grant:				
Justice Systems Response to Families	16.021	2017-FL-AX-0018		187,612
Office on Violence Against Women Special Projects	16.029	2020-TA-AX-K003		9,090
OJP Bureau of Justice Assistance				
Direct Grant:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A		200,510
State Criminal Alien Assistance Program	16.606	2017-FL-AX-BK		29,669

Continued on next page

The accompanying notes are an integral part of this schedule.

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
Continued from previous page				
Office of Justice Programs				
Direct Grant:				
Drug Court Discretionary Grant Program	16.585	2020-MU-BX 0087		6,536
Justice Reinvestment Initiative	16.827	N/A		19,855
Direct Grant:				
Equitable Sharing Program	16.922	N/A		7,011
Total U.S. Department of Justice				<u>460,283</u>
U.S. DEPARTMENT OF TRANSPORTATION				
National Highway Traffic Safety Administration				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	N/A		36,791
Federal Highway Administration				
Federal Lands Access Program	20.224	6982AF1940001		31,363
Total U.S. Department of Transportation				<u>68,154</u>
U.S. DEPARTMENT OF TREASURY				
Direct Grant:				
Equitable Sharing	21.016	N/A	-	13,928
COVID-19 Coronavirus Relief Fund	21.019	N/A	67,262,538	97,014,462
COVID-19 Emergency Rental Assistance Program	21.023	N/A	2,200,000	2,200,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	632,220
Total U.S. Department of Treasury			<u>69,462,538</u>	<u>99,860,610</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Grant:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A		248,283
Total U.S. Department of Health and Human Services				<u>248,283</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Federal Emergency Management Agency				
Passed through the Oklahoma Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A		676,711
Passed Through the Oklahoma Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG-20		3,588
Emergency Management Performance Grants	97.042	EMPG-20		39,500
Emergency Management Performance Grants	97.042	EMPG-21		39,500
Total Assistance Listing 97.042				<u>82,588</u>
Total U.S. Department of Homeland Security				<u>759,299</u>
Total Expenditures of Federal Awards			<u>\$ 72,115,113</u>	<u>\$ 104,351,124</u>

The accompanying notes are an integral part of this schedule.

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Tulsa County under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of 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 Tulsa County as presented in the Annual Comprehensive Financial Report (ACFR). Component units included in the ACFR prepare individual financial statements that meet the requirements of the Uniform Guidance and have not been included in the Schedule.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. Indirect Cost Rate

Tulsa 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, 2021, Assistance Listing #81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$651,793 on an October 2014 note with the Indian Nations Council of Governments (INCOG) to update the HVAC system in the courthouse and an outstanding loan balance of \$180,358 on a May 2016 note with INCOG for the purpose of purchasing and replacing certain equipment at the O’Brien Recreation Center. The total outstanding loan balance as of June 30, 2021 was \$832,151.

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance



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

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tulsa 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 Tulsa 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 qualified and unmodified opinions on compliance for the major federal program. However, our audit does not provide a legal determination of Tulsa County's compliance.

Basis for Qualified Opinion on Assistance Listing 21.019 Coronavirus Relief Fund

As described in the accompanying schedule of findings and questioned costs, Tulsa County did not comply with requirements regarding the following:

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2021-011	21.019	Coronavirus Relief Fund	Subrecipient Monitoring

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

Qualified Opinion on Assistance Listing 21.019 Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Tulsa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Coronavirus Relief Fund for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-012. Our opinion on each major federal program is not modified with respect to these matters.

Tulsa County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tulsa 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 Tulsa 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 Tulsa 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 Tulsa County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-011 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-010 and 2021-012 to be significant deficiencies.

Tulsa County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tulsa 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.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tulsa County as of and for the year ended June 31, 2021, and the related notes to the financial statements, which collectively comprise Tulsa County's basic financial statements. We issued our report thereon dated February 28, 2022, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on 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 the 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 22, 2022 except as to the Schedule of Expenditures of Federal Awards, for which the date is February 28, 2022

Schedule of Findings and Questioned Costs

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

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:..... 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 2021, the Annual Comprehensive Financial Report (ACFR) for Tulsa County for the year ended June 30, 2021, was issued under separate cover dated February 28, 2022.

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>Assistance Listing(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

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

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

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

2021-001 – Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding - 2007-009, 2008-001, 2009-001, 2010-002, 2011-001, 2016-002, 2017-001, 2018-001, 2019-001, 2020-001)

Condition: Upon inquiry of County personnel, observation of the County’s disbursement process, and testwork performed, the following was noted.

- For our sample of fifty-three 53 of the 11,325 General Fund expenditures:
 - Two (2) expenditures totaling \$268,475 were not encumbered prior to receiving goods or services.

- For our sample of 54 of the 3,677 County Highway Fund expenditures:
 - One (1) expenditure in the amount of \$14,887 was not charged to the proper period.
 - Four (4) expenditures totaling \$268,887 were not encumbered prior to receiving goods or services.

- For our sample of 58 of the 944 Special Projects Fund expenditures reflected the following:
 - One (1) expenditure in the amount of \$3,345 was not charged to the proper period.
 - Four (4) expenditures totaling \$32,317 were not encumbered prior to receiving goods or services.

- For our sample of 61 of the 9,295 non-major governmental fund expenditures:
 - One (1) expenditure in the amount of \$29,669 was not charged to the proper period.
 - Nine (9) expenditures totaling \$1,393,821 were not encumbered prior to receiving goods or services.

Cause of Condition: Internal control policies and procedures have not been fully implemented with regard to the disbursement process to ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, and a financial burden on the County.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the County adhere to state purchasing guidelines to ensure encumbrances are made before goods or services are ordered and to ensure availability of funds. Additionally, OSAI recommends goods or services be paid for from funds designated for use during the fiscal year from which the goods or services were obtained.

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

Management Response:

Board of County Commissioners: The Board of County Commissioners (BOCC) will continue to work with departments across Tulsa County to reduce the number of errant disbursements. The County's new information technology system will help to address the lack of internal controls over disbursements.

The impacted elected officials and departments have been briefed on the findings and they are working on their internal compliance.

County Clerk: My office continues to work with departments across Tulsa County to reduce the number of errant disbursements. We have made significant progress in the last few years. The most significant area where we continue to have issues is related to federal grants. We are working on a future solution that may include encumbering off of award letters and/or additional coordination with our subrecipients and grant administrator. We anticipate that the layout of our new information technology system will also assist in this process.

County Sheriff: With respect to the finding of not encumbering funds prior to goods or services being received, it should be duly noted that in each and every event, sufficient and properly secured appropriations were on hand to satisfy all listed claims. Further explanation noted below:

- Expenditures for property insurance related to warrant 500030850 - The Tulsa County Sheriff's Office (TCSO) encumbered ahead of time for property insurance on David L. Moss Criminal Justice Center, based upon the previous year's amount. When we received the invoice, the amount exceeded 10%; therefore, we had to cancel and re-encumber the purchase order.
- Expenditures for bed licenses related to warrant 500037767 - TCSO will work on ensuring that all expenditures, especially known contractual payments, are encumbered properly.
- Expenditures for legal fees related to warrant 5000036600 - TCSO's Financial Unit is not privy to details regarding litigation; therefore, we do not know the amount that will be owed on a case until after receiving the invoice -which is a contract based upon the individual case. TCSO will do its best to encumber a blanket purchase order with the appropriate Clerk Miscellaneous File (CMF) # to get ahead of the invoice.
- Expenditures for commission reimbursement on the State Criminal Alien Assistance Program (SCAAP) grant contract related to warrant 500034913 - TCSO waited to receive a statement and/or the invoice to pay the commission on the SCAAP grant, not knowing what the amount would be. In the future, we will estimate the commission amount, based upon the previous year's amount, and encumber ahead of receiving the invoice.
- Expenditures for remodeling and construction related to warrant 500036236 - TCSO will work on ensuring that all expenditures, especially known contractual payments, are encumbered properly.

Court Clerk: The purchase order is for Tulsa County Administrative Services, which is basically an interoffice service for printing and office supplies. We would have no way of knowing what the purchase order should be encumbered for until we actually receive the invoice. Therefore, the purchase order will always come after the invoice on this vendor.

Auditor Response: Title 19 O.S. § 1505 requires encumbrances be made before the ordering of goods or services.

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

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 2 – Establishing an Effective Internal Control System – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

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

Therefore, effective internal controls require management properly implement procedures to ensure that expenditures are made in compliance with state statutes:

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

Title 62 O.S. § 310.4 states in part, “All unencumbered balances, if any, ... on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next[... Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year.”

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.”

Finding 2021-004 – Lack of Internal Controls and Noncompliance Over Consumable Inventories

Condition: On June 30, 2021, OSAI performed a consumable inventory count at each of the three (3) district barns governed by the individual County Commissioners of Tulsa County and at the Highway District Barn (District 4) which is governed by the Tulsa County BOCC as a whole. We selected a sample

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

of 20 inventory items to trace from the district barns to the consumable inventory listings and 20 inventory items to trace from the consumable inventory listings to the district barns.

Due to pervasive variances in the inventory count, fiscal year-end consumable inventory balances could not be determined at any of the four district barns.

Further, upon inquiry of County personnel and observation and review of consumable records, the Tulsa County Districts 1, 2, 3, and 4 had the following deficiencies in all four districts:

- One person, at each barn, is responsible for receiving consumable inventory items, maintaining consumable inventory records, performing physical inventory counts of consumable items, and has 24/7 access to consumable inventories.
- Individuals who are responsible for initiating the purchase and receiving of consumable items are not reflected on the Board of County Commissioners approved roster of requesting, requisitioning, and receiving officers.
- Fuel on hand is not reconciled to the fuel logs and is not adequately monitored and safeguarded.

We also noted:

- An annual inventory was not performed for the fiscal year ended June 30, 2021, by District 1 and District 4. Additionally, for all districts, no one on-site is reviewing the inventories performed for accuracy.
- The fuel pumps at District 2 and District 4 are not marked “Property of Tulsa County”.
- The cameras and alarm are not operational at District 3.
- Employee pin numbers are not kept confidential at District 4.
- Fuel system lock-out is not working at District 4.
- The sign shop at District 4 does not have an accurate inventory of the signs on hand.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the accuracy of consumable inventory records and compliance with the state statutes regarding consumable inventories and requisitioning and receiving duties.

Effect of Condition: These conditions resulted in noncompliance with state statutes and misstated financial statements. Additionally, failure to maintain accurate records of and perform a periodic physical inventory of consumable inventories could result in inaccurate records, unauthorized use, or misappropriation of consumable inventories.

Recommendation: OSAI recommends that management remain aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and management review and approval of accounting functions.

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

Additionally, OSAI recommends only individuals designated and approved by the BOCC perform the duties of requisitioning and receiving officers as prescribed by 19 O.S. § 1503.

OSAI also recommends management implement internal controls to ensure the accuracy of inventory records and compliance with 19 O.S. § 1502(B)(2)(b), 19 O.S. § 1504 and 19 O.S. § 1505(G).

Management Response:

County Commissioners District 1, 2, and 3: Upon reviewing this finding with the auditor, the BOCC understands the auditor will meet directly with the Tulsa County engineer to discuss the findings. However, below is the response from the Tulsa County Engineer to the BOCC.

We are currently in the process of updating the fueling system at all four locations. Once the upgrade is complete, all locations will be on the same cloud-based fuel system and will utilize their county badges to dispense fuel. This will result in a much more comprehensive audit trail of the fuel.

Districts 1 and 3 are currently obtaining quotes for alarm monitoring from a third-party vendor and our internal IT team is ensuring that identified staff at each location are setup and trained to access the camera feeds. We expect to have both these items addressed by month-end.

Engineering will review current processes for consumable inventory as well as identify appropriate staff at each location to receive, maintain, and perform physical inventory noting the need for segregation of duties. After which, staff will submit resolutions to the BOCC so that the appropriate individuals who are responsible for initiating and receiving consumable items are properly reflected on the approved roster.

The BOCC will ensure the Tulsa County Engineering Department continues to improve their internal controls as well as their consumable inventory, and signage processes

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

The GAO Standards – Section 2 – Establishing an Effective Internal Control System – Objectives of an Entity - OV2.24 states in part:

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

Title 19 O.S. § 1502(B)(2)(b) requires the Board of County Commissioners “create and administer an inventory system for all supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges.”

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Title 19 O.S. § 1503 provides guidance for the designation of requisitioning and receiving officers.

Title 19 O.S. § 1504 requires the receiving officer to maintain a record of all items received, disbursed, stored and consumed by the department.

Title 19 O.S. § 1505(G) provides guidance for the consumption and disposal of supplies and materials.

Finding 2021-008 – Lack of Internal Controls Over the Financial Statement – Fiduciary Funds – Custodial Funds

Condition: The County is responsible for preparing their annual financial statements, notes to the financial statements, and supplemental information in accordance with Generally Accepted Accounting Principles (GAAP).

In fiscal year 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities*, (GASB 84) reporting requirements. According to the Governmental Accounting Standards Board – Summary of Statement 84, “The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.”

During our review of the Combining Statement of Changes in Fiduciary Net Position - Custodial Funds schedule, OSAI noted the following:

- The County had reported monies in both the clearing accounts they were initially deposited into and the custodial funds in which they were distributed.
- Originally the County reported \$924,641,692 in custodial fund additions and \$885,425,143 in custodial fund deductions, when custodial fund additions and deductions should have been reported as \$889,220,475 and \$850,003,926, respectively.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the custodial funds reported on the County’s financial statements are identified and reported accurately.

Effect of Condition: These conditions resulted in:

- Custodial fund additions and deductions both being initially overstated by \$35,421,217.
- The County presenting revised fiduciary schedules.
- Significant additional testwork performed by OSAI to ensure custodial funds were accurately identified and reported.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure all of the County’s fiduciary activities are properly identified, the type of fiduciary fund used to report each fiduciary activity is correct, and the amounts reported for the fiduciary funds are accurate.

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Management Response:

Board of County Commissioners: The BOCC received, reviewed, and agreed with the response from the Tulsa County Clerk.

County Clerk: Tulsa County implemented GASB 84 – Fiduciary Activities for the fiscal year 2021 financial report. Due to the nature of fiduciary accounts, the Clerk’s office does not control the use or accounting of these funds and thus does not receive detailed reporting throughout the year. Going forward, our office will review detailed transactions that occur within all depositories so we can eliminate transfers and mitigate overstating the fiduciary funds accounts.

Criteria: A basic objective of GAAP is to provide accurate and reliable information.

GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, paragraph 111 states, “Sometimes an agency fund is used as a *clearing account* to distribute financial resources to other funds of the government, as well as other entities. For example, county property tax collectors customarily collect and distribute property taxes to the county’s funds as well as to other governments within the county. When this occurs, the portion of the clearing account balance that pertains to other funds of the county should not be reported in agency funds. Rather, it should be reported as assets in the appropriate funds.”

GASB Statement No. 84, *Fiduciary Activities*, paragraph 1 states, “The principal objective of GASB Statement 84 is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.”

The GAO Standards – Section 2 – Establishing an Effective Internal Control System – Objectives of an Entity - OV2.16 states:

Management, with oversight by an oversight body, sets objectives to meet the entity’s mission, strategic plan, and goals and requirements of applicable laws and regulations. Management sets objectives before designing an entity’s internal control system. Management may include setting objectives as part of the strategic planning process.

Additionally, Principle 13 – Use of Quality Information states:

Identification of Information Requirements

13.02 – Management designs a process that uses the entity’s objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks. Information requirements consider the expectations of both internal and external users. Management defines the identified information requirements at the relevant level and requisite specificity for appropriate personnel.

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Data Processed into Quality Information

13.05 – Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information. Management uses the quality information to make informed decisions and evaluate the entity’s performance in achieving key objectives and addressing risks.

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

Finding 2021-010 - Lack of Internal Controls and Noncompliance Over the Schedule of Expenditures of Federal Awards (SEFA) (Repeat Finding – 2019-009 and 2020-010)

FEDERAL AGENCY: Various
ASSISTANCE LISTING: Various
FEDERAL PROGRAM NAME: Various
FEDERAL AWARD NUMBER: Various
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: \$0

Condition: The County’s Schedule of Expenditures of Federal Awards (SEFA) did not accurately report all payments passed to subrecipients for the following programs:

Assistance Listing	Program Title	Reported Subrecipient Payments	Actual Subrecipient Payments	Variance
14.218	Community Development Block Grants/Entitlement Grants	\$2,503,796	\$2,312,719	(\$191,005)
14.239	Home Investment Partnerships Program	\$405,290	\$339,784	(\$65,506)
21.019	Coronavirus Relief Fund	\$ -	\$67,262,538	\$67,262,538

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21.023	Emergency Rental Assistance Program	\$ -	\$2,200,000	\$2,200,000
Total				\$69,206,028

The SEFA did not include the expenditures of all federal awards for the following program:

Assistance Listing	Program Title	Reported Expenditures	Actual Expenditures	Variance
16.034	Coronavirus Emergency Supplemental Funding Program	\$ -	\$200,510	\$200,510

Further, it does not appear the SEFA is reviewed by someone other than the preparer.

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

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

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

Management Response:

Chairman of the BOCC: I agree with the County Clerk’s responses and the County Commissioners will work with the County Clerk’s office to ensure adherence to their corrective action plan as noted in the County Clerk’s response.

County Clerk: The Tulsa County Clerk’s Office will continue to work with all Tulsa County entities and affiliates to ensure that the terms and requirements of federal grants are followed. We will continue to offer assistance to said entities and affiliates with any policy and procedures that will lead to accurate reporting of expenditures for federal funds.

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

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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...Include the total amount provided to subrecipients from each Federal program. [...]

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.

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 2021-011 - Lack of Internal Controls Over Noncompliance with Compliance Requirements – Subrecipient Monitoring

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2021

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CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: \$0

Condition: In reviewing the County's expenditures and the nature of the products/services provided, it was determined the County had three subrecipients for the fiscal year ended June 30, 2021:

- Tulsa Economic Development Corporation (TEDC)
- Tulsa Housing Authority (THA)
- Tulsa Community Foundation (TCF)

In reviewing the County's procedures for subrecipient monitoring, OSAI found that the County had not established effective internal control processes for determining subrecipients and the monitoring of subrecipients. Additionally, the following deficiencies related to compliance were noted:

Regarding TEDC:

- Although the County did review and approve the applicant submissions by TEDC for payments to small businesses and non-profits, certain documentation that would have been necessary to establish allowable costs were retained by TEDC but not reviewed by the County.
- The County did not evaluate each subrecipient's risk of noncompliance for purposes of determining appropriate monitoring procedures.
- While TEDC would make available supporting documentation upon request, it does not appear the County established or performed procedures to examine such documentation.
- The County did not request audit reports or follow-up on audit findings for each subrecipient.

Regarding THA and TCF:

- The County had not identified these entities as subrecipients.
- The County did not clearly identify the award as a subaward or requirements imposed on the subrecipients so that the federal award would be used in accordance with federal requirements.
- The County did not evaluate each subrecipient's risk of noncompliance for purposes of determining appropriate monitoring procedures.
- While supporting documentation was readily available at the County, there is no evidence anyone at the County reviewed documentation beyond the spreadsheets detailing the recipients of rental and utility assistance at THA and TCF, respectively.
- The County did not request audit reports or follow-up on audit findings for each subrecipient.

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

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

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Recommendation: OSAI recommends the County implement the following procedures:

Subrecipient Identification:

- Review County expenditures to other entities for potential subrecipient relationships.
- Evaluate whether a subrecipient relationship exists with all or a portion of the expenditures to other entities.
- Document the evaluation.

Subrecipient Communication:

- Enter into a written agreement with the subrecipient which:
 - Clearly identifies to all subrecipients the award as a subaward by providing the information described in 2 CFR section 200.331(a)(1).
 - Communicates all requirements imposed by the County so that the federal award is used in accordance with federal requirements.
 - Notifies the subrecipient that the expenditure of federal awards over \$750,000 will require a single audit.

Subrecipient Risk Assessment:

- Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward.
- Document the subrecipient's prior experience with the same or similar subawards, the results of previous audits including whether or not the subrecipient receives a single audit, and the extent to which the same or similar subaward has been audited as a major program.
- Document the subrecipient's procedures for ensuring compliance with program requirements.
- Document any other considerations in evaluating risk.

Subrecipient Monitoring:

- Perform monitoring procedures as appropriate to the assessed risk of each subrecipient.
- Examine all or a sample of expenditures of the subrecipients and trace to adequate supporting documentation to verify allowable costs.
- Ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award.
- Document monitoring procedures, including the individuals who performed the procedures and the supporting documentation they reviewed.

Subrecipient Audits:

- Inquire of each subrecipient whether they are required to obtain a single audit and request copies once it is complete.
- Examine audit reports for instances of findings related to the federal award.
- Issue a management decision for audit findings pertaining to the federal award provided to the subrecipient as required by 2 CFR section 200.521.

TULSA COUNTY, OKLAHOMA
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Management Response:

Chairman of the BOCC: I agree with the County Clerk's responses and the County Commissioners will work with the County Clerk's office to ensure adherence to their corrective action plan as noted in the County Clerk's response.

County Clerk: The Tulsa County Clerk's Office will continue to improve our analysis of subrecipients including procedures for additional test work to ensure monitoring compliance. Our procedures moving forward will ensure that additional monitoring occurs.

Criteria: Part 3 of the July 2021 Compliance Requirements read, in relevant part, as follows:

A pass-through entity (PTE) must:

- *Identify the Award and Applicable Requirements* – Clearly identify to the subrecipient:
 - (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.331(a)(1);
 - (2) 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 (2 CFR section 200.331(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports) (2 CFR section 200.331(a)(3)).
- *Evaluate Risk* – Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)). This evaluation of risk may include consideration of such factors as the following:
 1. The subrecipient's prior experience with the same or similar subawards;
 2. The results of previous audits including whether or not the subrecipient receives single audit in accordance with 2 CFR Part 200, Subpart F, and the extent to which the same or similar subaward has been audited as a major program;
 3. Whether the subrecipient has new personnel or new or substantially changed systems; and
 4. The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).
- *Monitor* – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:
 1. Reviewing financial and programmatic (performance and special reports) required by the PTE.
 2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means.

**TULSA COUNTY, OKLAHOMA
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3. Issuing a management decision for audit findings pertaining to the federal award provided to the subrecipient from the PTE as required by 2 CFR section 200.521.

2 CFR § 200.331(c) *Subrecipient and contractor determinations* reads as follows:

Use of judgment in making determination.

In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

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 2021-012 - Lack of Internal Controls and Noncompliance with Requirements – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

PASS-THROUGH GRANTOR: N/A

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed, and Allowable Costs/Costs Principles,

QUESTIONED COSTS: \$2,612

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Condition: During our review of a sample of (60) sixty of the 98,656 rental assistance payments administered by the THA, a subrecipient of the County, it was noted that (3) three of the (60) sixty payments were not supported by lease agreements. Therefore, allowability could not be determined.

This resulted in known questioned costs of \$2,612 and likely questioned costs of \$147,324. In accordance with 2 CFR 200.516, known questioned costs must be reported in the schedule of findings and questioned costs when likely questioned costs are greater than \$25,000.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with Activities Allowed of Unallowed and Allowable Costs.

Effect of Condition: This condition resulted in noncompliance with federal requirements and could result in unrecorded transactions, misstated reports, undetected errors, and misappropriation of assets and funds.

Recommendation: OSAI recommends the County perform monitoring procedures as appropriate to ensure adequate supporting documentation exists to establish the allowability of costs.

Management Response:

Chairman of the BOCC: I agree with the County Clerk's responses and the County Commissioners will work with the County Clerk's office to ensure adherence to their corrective action plan as noted in the County Clerk's response.

County Clerk: Out of \$5.6 million provided to Housing Authority, the \$147 thousand represents approximately 0.25% of total funds received. Tulsa County relied on the documentation provided by Housing Authority's 3rd party system and while we believe the documentation for the missing applications does exist, we will continue to improve our subrecipient monitoring procedures in order to ensure complete compliance with uniform guidance and federal regulations.

Auditor Response: While the lease agreements may exist in the 3rd party system, the County could not provide them to OSAI.

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).

2 CFR § 200.516(a)(3) Audit Findings reads as follows:

Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program.

TULSA COUNTY, OKLAHOMA
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Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

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.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



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 Tulsa, OK 74119-1004
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Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2021

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding)	The accounting division and financial services division are continuing to work with the other county departments to ensure adequate training for bookkeepers.	6-30-2022	Karen Keith, BOCC Chair, 918-596-5015
2021-004	Inadequate Internal Controls and Noncompliance Over Consumable Inventories	The Highways division has implemented fuel-tracking software throughout all four districts, as well as conducting additional physical inventory throughout the fiscal year.	6-30-2021	Karen Keith, BOCC Chair, 918-596-5015
2021-008	Lack of Internal Over the Financial Statement – Fiduciary Funds – Custodial Funds	The County Clerk’s office will review detailed transactions that occur within all depositories to eliminate transfers and mitigate overstating the fiduciary funds accounts.	6-30-2021	Karen Keith, BOCC Chair, 918-596-5015
2021-010	Lack of Internal Controls over the Schedule of Expenditures of Federal Awards (Repeat Finding)	The Tulsa County Clerk’s Office will continue to work with all Tulsa County entities and affiliates to ensure that the terms and requirements of federal grants are followed. We will continue to offer assistance to said entities and affiliates with any policy and procedures that will lead to accurate reporting of expenditures for federal funds.	6-30-2022	Karen Keith, BOCC Chair, 918-596-5015
2021-011	Lack of Internal Controls Over Noncompliance with Compliance Requirements –	The Tulsa County Clerk’s Office will continue to improve our analysis of subrecipients including procedures for additional test work to ensure monitoring compliance. Our procedures moving forward will ensure that additional monitoring occurs.	6-30-2022	Karen Keith, BOCC Chair, 918-596-5015

	Subrecipient Monitoring			
2022-012	Lack of Internal Controls and Noncompliance with Requirements – Activities Allowed or Unallowed, Allowable Costs, and Subrecipient Monitoring	Out of \$5.6 million provided to Housing Authority, the \$147k represents approximately 0.25% of total funds received. Tulsa County relied on the documentation provided by Housing Authority’s 3 rd party system and while we believe the documentation for the missing applications does exist, we will continue to improve our subrecipient monitoring procedures in order to ensure complete compliance with uniform guidance and federal regulations.	6-30-2022	Karen Keith, BOCC Chair, 918-596-5015

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



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

FINANCIAL AUDIT FINDINGS

Finding 2020-001 – Inadequate Internal Controls and Noncompliance Over Disbursements (Repeat Finding -2007-009, 2008-001, 2009-001, 2010-002, 2011-001, 2016-002, 2017-001, 2018-001, 2019-001)

Condition: Upon inquiry of County personnel, observation of the County's disbursement process, and testwork performed, the following was noted: Tulsa County had (25,102) total transactions, (240) transactions were tested, and (9) expenditures had adjustment increases of more than ten percent (10%) of the original encumbrance, (44) expenditures were not encumbered prior to receiving goods and services, and (2) expenditure was not charged to the proper period.

Status: Partially Corrected.

Tulsa County is continuing the efforts of training employees to eliminate this finding. Tulsa County has been taking proactive steps to correct this finding during the fiscal year.

1. Corrective discussions with bookkeepers and division directors when purchases are not encumbered prior to receiving the goods or services.
2. Directing bookkeepers to refer to training materials that are on the Tulsa County Intranet referencing to all purchasing policies.
3. Encouragement to bookkeepers to call or e-mail the budget office when guidance is needed in the purchase process of goods and services.

Tulsa County's goal is to see improvement with bookkeepers and division leaders to ultimately have zero findings.

Finding 2020-008—Inadequate Internal Controls Over Business Continuity Plan (Repeat Finding – 2018-008, 2019-008)

Condition: Upon inquiry and review of the County's Business Continuity Plan (BCP), it does not appear that adequate controls are in place to ensure, that in the event of a disaster, the County would not have delays in the recovery of operations. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Status: Fully Corrected

The initial planning steps for all county wide departments to create departmental "Continuity of Operations Plans" as part of a comprehensive operations plan program for Tulsa County was enacted December 2020.

Finding 2020-009 – Lack of Internal Controls Over Depreciation of Capital Assets

Condition: Upon inquiry and observation of the County's accounting for depreciation expense on capital assets, we noted that the accumulated depreciation and current year depreciation expense reported in the County's

financial reports did not reconcile to asset listings maintained by the County. It was determined that accumulated depreciation had been overstated by \$4,406,835. This was the result of \$2,921,361 in overstated current year depreciation expense, \$1,519,951 in overstated depreciation expense in the prior fiscal year, and \$34,477 in unidentified understatements.

Status: Fully Corrected

Capital Assets depreciation has been fully reconciled as of 06-30-2021.

FEDERAL AUDIT FINDINGS

Finding 2020-010 – Lack of Internal Controls over the Schedule of Expenditures of Federal Awards (SEFA)
(Repeat Finding – 2019-009)

PASS-THROUGH GRANTOR: N/A
FEDERAL AGENCY: N/A
CFDA NO: N/A
FEDERAL PROGRAM NAME: N/A
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2020
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: \$0

Condition: The County's Schedule of Expenditures of Federal Awards (SEFA) was understated by \$454,847 due to various errors, including \$530,740 underreported for CFDA 21.019 among others.

Status: Corrected.

Finding 2020-011 – Lack of Internal Controls over Federal Emergency Management Agency Expenditures

PASS-THROUGH GRANTOR: Oklahoma Emergency Management
FEDERAL AGENCY: FEMA
CFDA NO: 97.036
FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2020
CONTROL CATEGORY: Allowable Costs/Cost Principles and Matching
QUESTIONED COSTS: \$780

Condition: Of the fifteen (15) expenditures tested, seven (7) were not supported by signed documentation indicating TAEMA's Executive Director approval. Additionally, multiple variances found in the equipment rates used highway equipment charges resulted in overcharges of \$780 for Federal Emergency Management Agency (FEMA) reimbursements.

Status: Corrected

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



Cindy Byrd, CPA | State Auditor & Inspector

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