



# TULSA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2022

**Cindy Byrd, CPA**  
State Auditor & Inspector

**SINGLE AUDIT REPORT  
TULSA COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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September 24, 2024

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, 2022. 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).

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

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

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

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

Sincerely,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**TULSA COUNTY, OKLAHOMA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**TABLE OF CONTENTS**

Schedule of Expenditures of Federal Awards.....	1
Notes to the Schedule of Expenditures of Federal Awards.....	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 .....	4
Schedule of Findings and Questioned Costs.....	8
Appendix A: Corrective Action Plan (Prepared by County Management).....	34
Appendix B: Summary Schedule of Prior Audit Findings (Prepared by County Management) .....	37

**Schedule of Expenditures of Federal Awards**

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Food and Nutrition Service				
Passed Through the Oklahoma State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A		\$ 6,437
National School Lunch Program	10.555	N/A		68,500
Total U.S. Department of Agriculture Cluster Programs				<u>74,937</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Office of Community Planning and Development				
Direct Grant:				
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-40-0001	47,751	47,751
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-40-0001	131,846	131,846
Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-40-0001	146,112	235,011
Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-40-0001	783,315	820,414
Community Development Block Grants/Entitlement Grants	14.218	B-21-UC-40-0001	413,785	413,785
Coronavirus Emergency Supplemental Funding Program	14.218	B-20-UC-40-0001	1,194,924	1,216,277
Total ALN14.218			<u>2,717,733</u>	<u>2,865,084</u>
Community Development Block Grants Coronavirus Program	14.228	CDBG CV2	-	16,257
Total CDBG Grants			<u>2,717,733</u>	<u>2,881,341</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	1,575,045	1,657,490
Total U.S. Department of Housing and Urban Development			<u>4,292,778</u>	<u>4,538,831</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>				
Office of the Secretary of the Interior				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		8,696
Total U.S. Department of Interior				<u>8,696</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Bureau of Justice Assistance				
Direct Grant:				
Violence Against Women Act Court Training and Improvement Grants	16.013	2013-FL-AX-0019		199,255
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A		12,181
Treatment Court Discretionary Grant Program	16.585	2020-MU-BX 0087		199,195
Economic, High-Tech, and Cyber Crime Prevention	16.752	N/A		61,150
Harold Rogers Prescription Drug Monitoring Program	16.754	BJA-2020-17023		19,047
Justice Reinvestment Initiative	16.827	N/A		381,295
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	BJA-2020-17754		32,016
Office on Violence Against Women				
Direct Grant:				
Office on Violence Against Women Special Projects	16.029	2020-TA-AX-K003		28,915
Total U.S. Department of Justice				<u>933,054</u>

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, 2022**

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				
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Department of National Highway Traffic Safety Administration				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	N/A		9,717
Federal Highway Administration				
Federal Lands Access Program	20.224	6982AF1940001		888,637
Total U.S. Department of Transportation				<u>898,354</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
Direct Grant:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	15,371,952
COVID-19 Emergency Rental Assistance Program	21.023	N/A	5,910,960	5,918,360
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,250,900	19,640,595
Total U.S. Department of Treasury			<u>8,161,860</u>	<u>40,930,907</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Substance Abuse and Mental Health Services Projects of Regional and				
National Significance	93.243	N/A		230,679
Total U.S. Department of Health and Human Services				<u>230,679</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Federal Emergency Management Agency				
Passed through the Oklahoma Department of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A		618,126
Hazard Mitigation Grant	97.039	DR-4256		39,713
Emergency Management Performance Grants	97.042	EMPG-21		87,835
Total U.S. Department of Homeland Security				<u>745,674</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,454,638</u>	<u>\$ 48,361,132</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, 2022**

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**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, 2022. 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 this 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, 2022, Assistance Listing #81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$582,220 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 \$164,765 on a May 2016 note with INCOG for the purpose of purchasing and replacing certain equipment at O'Brien Recreation Center. The total outstanding loan balance as of June 30, 2022 was \$746,985.



**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**

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

We have audited Tulsa County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tulsa County's major federal programs for the year ended June 30, 2022. Tulsa County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tulsa County complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tulsa County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tulsa County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tulsa County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tulsa County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tulsa County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tulsa County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tulsa County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Tulsa County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed 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. Those instances of noncompliance related to the following programs and compliance requirements:

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2022-018	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2022-019	21.023	Emergency Rental Assistance Program	Reporting

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2022-020	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2022-021	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring

Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Tulsa County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Tulsa County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify 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 a 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 following deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weakness:

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2022-015	All	All	Reporting
2022-018	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2022-021	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be significant deficiencies:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-019	21.023	Emergency Rental Assistance Program	Reporting
2022-020	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### ***Tulsa County's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on Tulsa County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Tulsa County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Tulsa County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Tulsa County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it. 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 Tulsa County as of and for the year ended June 30, 2022, and have issued our report thereon dated January 8, 2024, 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 an opinion on the financial statements 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 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

August 26, 2024

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 the financial statement noted? ..... Yes

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 programs: ..... 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

Assistance Listing Number(s)

14.239  
20.224  
21.019  
21.023  
21.027

Name of Federal Program or Cluster

Home Investment Partnerships Program  
Federal Lands Access Program  
Coronavirus Relief Fund  
Emergency Rental Assistance Program  
Coronavirus State and Local Fiscal Recovery  
Funds

Dollar threshold used to distinguish between  
Type A and Type B programs: ..... \$1,451,429

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

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 2022-002 — Lack of Internal Controls Over the Reconciliation of the County Clerk's Financial Records to the County Treasurer's General Ledger – Fund Balances**

**Condition:** During our review of the reconciliations of the County Clerk's financial records to the County Treasurer's General Ledger we noted the following:

- The County Clerk is not performing reconciliations in a timely manner.
- The reconciliations for May and June of 2022, that were prepared by the County Clerk and submitted to OSAI, required multiple revisions.
- The County Clerk's reconciliations for fiscal year 2022 indicated no evidence of date prepared or date reviewed.
- The County Clerk's reconciliations for April, May, and June 2022 were not signed by the preparer and had no evidence of being reviewed.
- The County Clerk provided the County Treasurer with inaccurate payment information related to payroll and vendor payments for the months of May and June 2022, which resulted in the County Treasurer's fund balances being incorrect on June 30th.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the accuracy of cash balances and to ensure reconciliations between the County Clerk's financial records and County Treasurer's General Ledger are performed timely and accurately.

**Effect of Condition:** These conditions resulted in unrecorded transactions, misstated financial reports, and undetected errors. Further these conditions could have resulted in the misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the County Clerk design and implement internal controls to ensure:

- Reconciliations between the County Clerk's financial records and the County Treasurer's General Ledger are performed and completed timely.
- Reconciliations are signed and dated by the preparer and the reviewer.
- Reviews and approvals are performed by someone other than the preparer.
- Errors are identified and corrected in a timely manner.

**Management Response:**

**Board of County Commissioners Chairman:** As a member of the Board of County Commissioners (BOCC), I will work with both the County Clerk's office and the County Treasurer's office to ensure balancing issues are handled accurately and timely.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**County Clerk:** The County Clerk's office is no longer printing paper to initial and date; we have implemented an approval trail via email. When implementing the new Enterprise Resource Planning (ERP) system, we ran into some issues with both payroll and accounts payable (AP) vendor reports. These reports were corrected in December 2022 for payroll and July 2022 for AP vendors. Reconciliations were made more difficult because of these reporting issues. Now that this has been corrected, we expect reconciliations to become more timely and accurate.

**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 – Principle 10 – Design Control Activities – 10.03 states in part:

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

The GAO Standards – Principle 13 – Use Quality Information states:

*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.

13.06 - Management processes relevant data from reliable sources into quality information within the entity's information system. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information.



**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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The GAO Standards - Principle 16 – Perform Monitoring Activities: 16.05 states in part:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

**Finding 2022-003—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, 2021-001)**

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

- The review of a sample of 76 of 10,805 General Fund disbursements reflected the following:
  - Four (4) disbursements totaling \$5,777 were not approved by the BOCC.
  - Seven (7) disbursements totaling \$6,300 were not supported by adequate/accurate receiving documentation.
  - Twelve (12) disbursements totaling \$1,588,173 were not encumbered prior to receiving goods or services.
- The review of a sample of 79 of 3,909 Highway Fund disbursements reflected the following:
  - Five (5) disbursements totaling \$41,203 were not properly approved by the BOCC.
  - Twelve (12) disbursements totaling \$47,086 were not encumbered prior to receiving goods or services.
- The review of a sample of 71 of 522 Special Project Fund disbursements reflected the following:
  - One (1) disbursement totaling \$2,194,771 was not supported by a draw down request/invoice.
  - Thirty-nine (39) disbursements totaling \$17,070,237 were not encumbered prior to receiving goods or services.
  - Six (6) disbursements totaling \$46,714 were not charged to the proper period.
- The review of a sample of 73 of 7,050 Other Governmental Fund disbursements reflected the following:
  - The County issued a purchase order and warrant in the amount of \$435,431 from the Court Clerk Revolving Fund, a cash fund, to the Court Clerk Revolving Fund, Official Depository

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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- Account, to open the Official Depository account. This resulted in the Other Governmental Fund disbursements being overstated by \$435,431.
- Twenty-two (22) disbursements totaling \$1,044,702 were not encumbered prior to receiving goods or services.
- The review of a sample of 68 of 2,283 County Contribution Fund disbursements reflected the following:
  - Four (4) disbursements totaling \$5,598 were not supported by adequate/accurate receiving documentation.
  - Twenty-five (25) disbursements totaling \$1,244,332 were not encumbered prior to receiving goods or services.

**Cause of Condition:** Policies and procedures have not been fully implemented with regard to the disbursement process and 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:** OSAI recommends the County adhere to state purchasing guidelines to ensure:

- The availability of funds by encumbering prior to goods or services being order or received.
- Disbursements are supported by adequate/accurate documentation (PO, warrant, invoice, quotes, receiving report, draw down request).
- Disbursements are approved by the BOCC.
- Purchase orders and warrants are not used to transfer between funds.

Additionally, OSAI recommends goods or services be paid from funds designated for use during the fiscal year from which the goods or services were obtained.

**Management Response:**

**County Commissioner – District 1:** The BOCC will work with all our departments to ensure funds for goods and services are encumbered prior to receiving them. We will work with other officials and counsel to address contracts where needed.

**County Commissioner – District 2:** The BOCC will work with all our departments to ensure funds for goods and services are encumbered prior to receiving them. We will work with other officials and counsel to address contracts where needed.

**County Commissioner – District 3/Board of County Commissioners Chair:** The BOCC will work with all our departments to ensure funds for goods and services are encumbered prior to receiving them. We will work with other officials and counsel to address contracts where needed.

**County Clerk:** Regarding the encumbrances for federal grants, it is impossible to encumber the purchase orders prior to receiving goods or services. These are pass through grants, and even though grant

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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administrator provides the BOCC with the information of the awarded grants per project in the beginning of the fiscal year, we don't have the fund to encumber any purchase orders until the grant administrator requests for the drawdown from the federal agency. In addition, grant administrator can draw the funds from any ledger years and can even transfer the funds from one project to other projects. Thus, we have no way of knowing where the grant administrator would spend the money from. That would make it impossible for the County to encumber purchase orders prior to receiving good or services.

With regards to the encumbrance for quarterly payments to outside entities, an allocation of General Fund dollars are approved to several outside entities via the Budget Board. These funds are encumbered on a quarterly basis, and cannot be encumbered prior to receiving goods/services, as there are no goods/services to be received.

With regards to the expenditure of federal funds from the Emergency Rental Assistance Program without a drawdown request, there was a drawdown was requested it was just not done in written form via email. We do now ensure that drawdowns are requested via email, so we have a written trail for support.

We are continually improving our receiving processes. All open purchase orders converted into our new ERP system, however, because of how the old system treated blanket purchase orders and how the new system treats blanket purchase orders, the receipt of those converted purchase orders had to be done in various ways to ensure payments could be made appropriately. As the converted blanket purchase orders have been winding down, we don't expect this to be an issue for fiscal year 2023.

Regarding the expenditure information on the Claims Report approved by the BOCC in an open meeting not agreeing to the actual expenditure documentation, it was discovered that there was a misalignment in the TCAP001 Purchase Orders (Claims Report) derived from the new ERP system for FY22. The figures are correct, in that the BOCC was approving amounts that were being paid out, however, it appears that the PO number was not matching up with certain invoices and amounts. This has since been corrected for all of fiscal year 2023 Claim Reports, and the report now correctly aligns the vendor, PO, invoice, and amount.

The \$435,430 that was paid out from the Court Clerk Revolving Fund to the Court Clerk Revolving Fund Official Depository via purchase order and warrant was not reclassified as a transfer because it was not discovered until after the books were closed.

**Auditor Response:** Encumbrances should always be made prior to the ordering or purchasing of goods or services to ensure adequate funds are available to pay for such goods or services and to prevent unconstitutional debt to the County. Additionally, Title 68 O.S. § 3003 allows for the encumbering of federal funds from the letter of intent.

**County Sheriff:** The purchase orders, totaling \$877,886, for the monthly coolant system at David L. Moss Criminal Justice Center, were only encumbered to pay for the current charges as we were disputing \$108,099 in charges related to the 2021 ice storm. These items were finally resolved in August 2023.

In March 2022, the Tulsa County Sheriff's Office (TCSO) conducted supervisory training which included sessions on the purchasing process. In early 2023, TCSO Purchasing met to update the encumbrance process

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

which included encumbering utilities and other services prior to the service dates. A monthly, quarterly, and annual encumbrance checklist was developed and has been instrumental in ensuring all purchase orders are encumbered timely. An end of year open purchase order report was developed and has been helpful with open purchase orders that should be closed by September 30. TCSO Purchasing Supervisor, took the County Training Program's Introduction to Purchasing Procedures in November 2023. The remaining TCSO purchasing/AP staff are expected to have the course completed by March 31, 2024.

With regards to receiving documentation within the County's new ERP system agreeing to or providing adequate information, during the transition to the new system we worked diligently to learn and understand the system to ensure compliance with state statutes and we hope to have resolved the issues noted.

**Court Clerk:** With regards to the pass-through grants and payments are processed between the Court administrator's office and the County Clerk Fiscal office paid from the Court Clerk Revolving Fund. The Court Clerk is not involved in the processes over these actions.

After a conversation with the County Clerk's fiscal office, in terms of the pass-through grant payments, the procedure is similar to what is done for all pass-through grants where Tulsa County is the pass-through entity. In this case, the District Court is responsible for the administration of those grants and deals with the day-to-day operations. As such, when they receive bills for services, they will gather the documents and complete a draw down from the Federal system where they are awarded the grant funds. The Feds will send an Electronic Funds Transfer which comes to the Budget Division of the County to be deposited. These funds are deposited into Fund 380 – Court Clerk Revolving, an appropriation journal enter is made to move the funds to the corresponding SC. Once the funds are available, the County Clerk's fiscal office will encumber a purchase order to the vendor as noted by the District Courts in the paperwork they receive after initiating the draw. The purchase order is requisitioned after the dates on the invoices because the funds become available after the District Court initiates the draw. The County Clerk's fiscal office has nothing to do with the administration of these grants, they are awarded to the District Courts and we function as the pass-through entity only. We do not know who the vendors will be until we are sent the paperwork along with the draw information.

Per the conversation with Alternative Courts office, their office receives the invoice from the vendor, then a Payment Request is prepared and presented to the Court Administrator. It is signed by her and the current Presiding Judge. That payment request initiates the Substance Abuse and Mental Health Services Administration (SAMHSA) fund request to be made. Once Alternative Courts receives confirmation from the Treasure that the funds have come in, the funds are deposited and appropriated to the correct account. A requisition is input in the ERP system which triggers a purchase order. That purchase order is then submitted to procurement with the invoice and then a check is created after it goes in front of the BOCC.

**Auditor Response:** Encumbrances should always be made prior to the ordering or purchasing of goods or services to ensure adequate funds are available to pay for such goods or services and to prevent unconstitutional debt to the County. Additionally, Title 68 O.S. § 3003 allows for the encumbering of federal funds from the letter of intent.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Criteria:** The 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.

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

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

Title 62 O.S. § 310.2, states in part, “The amount and purpose of each purchase order or contract shall be charged against the appropriation as made by the excise board or governing body at the time purchase is made or contract let and the balance in the appropriation account after such charges are deducted shall constitute the unencumbered balance available...”

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 2022-006 – Lack of Internal Controls and Noncompliance Over the Payroll Process**

**Condition:** During inquiry and observation of the County’s payroll process, we noted the following:

- The payroll disbursement journal authorizations, that document BOCC approval for payroll payments, for the months of July 2021, September 2021, November 2021, December 2021, January

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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2022, February 2022, March 2022, April 2022, and May 2022 were not signed by the BOCC until August 22, 2022.

- The BOCC minutes for fiscal year 2023 did not specifically indicate BOCC approval for payroll payments.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the payroll process.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financial records, clerical errors, or misappropriation of funds.

Additionally, since the payroll disbursement journals were signed long after payroll was paid and approval of payroll was not specifically mentioned in the minutes, assurance that payroll was approved by the BOCC could not be obtained.

**Recommendation:** OSAI recommends the County design and implement a system of internal controls over the payroll process to ensure all payroll expenditures are approved by the BOCC prior to the issuance of payroll, the approval is made in an open meeting, and documentation of such approval is retained and noted in the minutes of the BOCC meeting.

**Management Response:**

**County Commissioner – District 1:** Many of the issues with payroll processes have been addressed by the County Clerk's office since the implementation of the ERP system. I will work with the County Clerk's office and other elected officials to reach compliance on all payroll issues.

**County Commissioner – District 2:** Many of the issues with payroll processes have been addressed by the County Clerk's office since the implementation of the new ERP system. I will work with the County Clerk's office and other elected officials to reach compliance on all payroll issues.

**County Commissioner – District 3:** Many of these issues have been addressed by the County Clerk's office since the implementation of the ERP system.

**County Clerk:** For the months of November 2021, December 2021, January 2022, February 2022, March 2022, April 2022 and May 2022, the correct payroll claim form was not submitted to be attached to agenda in error. This was due to new ERP system and not having the integration set up to send automatically. This procedure has been updated and implemented to have appropriate documentation sent to BOCC for placement on agenda. The stated months of July 2021 and September 2021 are on the agenda and have been approved.

Regarding the BOCC minutes not showing approved payroll for fiscal year 2023. The payroll claims are in same documents as AP claims and have been approved in open meetings, but you cannot see those published online. This procedure has been changed to have the payroll claims published on website from this point moving forward.

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

The agenda does have “claims to pay”, as Tulsa County has always done on the agendas, which includes AP and payroll. When the packet gets published to the website, only one document can be attached regarding claims and AP has been being attached but not payroll. From this point forward, there will be two lines on the agenda, one for AP and one for payroll and the supporting documents will be attached to each of those.

**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.

The GAO Standards – Principle 10 – Design and Control Activities – 10.03 states part:

*Proper execution of transactions*

Transactions are authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources are initiated or entered into. Management clearly communicates authorizations to personnel.

Title 19 O.S. § 3 specifies that no one commissioner may enter into a contract or agreement or transact any business of county. Any contact or business transaction “done or attempted to be done, by an individual commissioner or commissioners, when not acting as a board shall ever be subject to ratification by the board of county commissioners, but shall be illegal, unlawful and wholly void.”

Title 62 O.S. § 304.1 and 62 O.S. § 471, which provide guidance for the disbursement of public funds and the payment of personnel, require the board of county commissioners to approve the expenditure of all public funds.

**Finding 2022-009 - Lack of Internal Controls and Noncompliance Over Consumable Inventories (Repeat Finding - 2021-004)**

**Condition:** On June 30, 2022, OSAI performed an 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 of 20 consumable inventory items to trace from the district barns to consumable inventory listings and 20 consumable inventory items to trace from the consumable inventory listings to the district barns.

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

Inventory records provided on June 30, 2022, indicated total consumable inventory was \$724,031. After the count, the County adjusted final inventory balances to \$961,623, an increase of \$237,592 or 33%. These adjustments were in response to pervasive variances noted in our inventory count in all four districts.

Further, upon inquiry of County personnel and observation and review of consumable inventory records, the District Barns do not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

- District 1
  - Two individuals act as both the receiving and inventory officers.
- District 2
  - One individual acts as both the receiving and inventory officer.
- District 3
  - One individual acts as both the receiving and inventory officer.
- District 4
  - Two individuals act as both the receiving and inventory officers.

Additionally, at Districts 2, 3, and 4 there were individuals performing the duties of a receiving officer who had not been approved by the BOCC to act in that capacity.

We also noted the following deficiencies pertaining to all four district barns:

- Consumable inventory records are reviewed by County Engineering; however, no employee onsite is reviewing their consumable inventory.
- While other monitoring procedures are used, the districts rely solely on the in-ground fuel system for monitoring fuel consistently. No consistent reconciliation is performed.

**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 consumable inventories and not performing a periodic physical inventory of consumable inventories could result in inaccurate records, unauthorized use, or misappropriation of consumable inventories.

While deficiencies in consumable inventory reporting were pervasive, we do not believe inventory is materially misstated, nor do we believe it would be necessary to qualify our audit opinion on the Highway Fund at this time. However, the potential for large variances resulting in a modified opinion in subsequent audits is probable.



**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Recommendation:** OSAI recommends that management be 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 having management review and approval of accounting functions.

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

OSAI further recommends management implement internal controls to ensure the accuracy of inventory records and compliance with 19 O.S. § 1502 (A)(1), 19 O.S. § 1504 and 19 O.S. § 1505(G).

**Management Response:**

**County Commissioner – District 1:** I will work with the Engineering Department to make sure consumable inventory is properly accounted for and that appropriate segregation of duties is reached. The Engineering Department is currently implementing a new system that should achieve compliance with inventory tracking requirements.

**County Commissioner – District 2:** I will work with the Engineering Department to make sure consumable inventory is properly accounted for and that appropriate segregation of duties is reached. The Engineering Department is currently implementing a new system that should achieve compliance with inventory tracking requirements.

**County Commissioner – District 3:** I will work with the Engineering Department to make sure consumable inventory is properly accounted for and that appropriate segregation of duties is reached. The Engineering Department is currently implementing a new system that should achieve compliance with inventory tracking requirements.

**Criteria:** The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

*Physical control over vulnerable assets*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

Title 19 O.S. § 1502(A)(1), requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

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 or disposal of supplies and materials.

**Finding 2022-011—Lack of Internal Controls Over the Financial Statements – Fiduciary Funds - Custodial Funds (Repeat Finding 2021-008)**

**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 implement 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 County had reported monies in both the clearing accounts they were initially deposited into and the custodial funds in which they were distributed.

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

**Effect of Condition:** These conditions resulted in:

- The County presenting revised fiduciary schedules.
- Significant additional test work 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 on the fiduciary funds are accurate.

**Management Response:**

**Board of County Commissioners Chairman:** We will work to support the County Clerk’s office as they adjust to the new accounting standards.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**County Clerk:** In fiscal year 2021, the County implemented GASB 84, Fiduciary Activities. Fiduciary activities are in detail kept at the Treasurer's Office, of which the County Clerk's office receives summarized information on these activities. The Clerk's office has had numerous conversations with the Treasurer's office in order to more fully understand this process. We are confident that the figures presented going forward will be wholly accurate.

**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, Principal 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.

*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.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Finding 2022-015 – Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA) (Repeat Finding – 2019-009, 2020-010, and 2021-010)**

**FEDERAL AGENCY:** All  
**ASSISTANCE LISTING:** All  
**FEDERAL PROGRAM NAME:** All  
**FEDERAL AWARD NUMBER:** All  
**FEDERAL AWARD YEAR:** 2022  
**CONTROL CATEGORY:** Reporting  
**QUESTIONED COSTS:** \$0

**Condition:** The County's Schedule of Expenditures of Federal Awards (SEFA) was revised multiple times between when the County provided OSAI the original draft on October 3, 2022, and when OSAI received the final draft from the County on January 12, 2024. Revisions included changes to program titles, assistance listing numbers, as well as the amounts passed through to subrecipients and program expenditures. These errors resulted in the following:

Reported amounts passed through to subrecipients were overstated by \$17,056,155 as follows:

<b>Revisions to amounts passed through to Subrecipients</b>				
<b>Assistance Listing</b>	<b>Program Title</b>	<b>Original Subrecipient Payments</b>	<b>Final Subrecipient Payments</b>	<b>Variance</b>
14.218	Community Development Block Grants/Entitlement Grants	\$1,393,193	\$2,717,731	(\$1,324,538)
14.239	Home Investment Partnerships Program	\$1,393,575	\$1,575,045	(\$181,470)
16.034	Coronavirus Emergency Supplemental Funding Program	\$1,411,277	\$ -	\$1,411,277
21.019	Coronavirus Relief Fund	\$735,036	\$ -	\$735,036
21.023	Emergency Rental Assistance Program	\$5,433,870	\$5,910,960	(\$477,090)
21.027	Coronavirus State and Local Fiscal Recovery Funds	\$19,143,840	\$2,250,900	\$16,892,940
<b>Total Overstated</b>				<b>\$17,056,155</b>

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Reported expenditures were understated by \$15,006,503 as follows:

<b>Revisions to program expenditures</b>				
<b>Assistance Listing</b>	<b>Program Title</b>	<b>Original Program Expenditures</b>	<b>Final Program Expenditures</b>	<b>Variance</b>
14.218	Community Development Block Grants/Entitlement Grants	\$1,516,741	\$2,865,084	(\$1,348,343)
14.228	Community Development Block Grants Coronavirus Program	\$ -	\$16,257	(\$16,257)
14.239	Home Investment Partnerships Program	\$1,491,740	\$1,657,490	(\$165,750)
16.013	Violence Against Women Act Court Training and Improvement	\$212,777	\$199,255	\$13,522
16.029	Office on Violence Against Women Special Projects	\$30,719	\$28,915	\$1,804
16.034	Coronavirus Emergency Supplemental Funding Program	\$1,435,964	\$12,181	\$1,423,783
16.752	Economic, High-Tech, and Cyber Crime Prevention	\$58,974	\$61,150	(\$2,176)
20.224	Federal Lands Access Program	\$960,326	\$888,637	\$71,689
21.019	Coronavirus Relief Fund	\$735,036	\$15,371,952	(\$14,636,916)
21.027	Coronavirus State and Local Fiscal Recovery Funds	\$19,341,284	\$19,640,595	(\$299,311)
97.039	Hazard Mitigation Grant	\$ -	\$39,713	(\$39,713)
97.042	Emergency Management Performance Grants	\$79,000	\$87,835	(\$8,835)
<b>Total Understated</b>				<b>(\$15,006,503)</b>

Further, there is no evidence the SEFA is reviewed by someone other than the preparer to ensure accuracy and completeness.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure a complete and accurate reporting of expenditures for all federal awards.

**Effect of Condition:** These conditions resulted in the misidentification of major programs in the fiscal year 2022 audit and could result in the loss of federal funds to the County.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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:**

**Board of County Commissioners Chairman:** Tulsa County implemented a new Enterprise Resource Planning (ERP) system for financial management and fiscal year 2022 is the first year it was used to help prepare the SEFA. Additionally, the Financial Services Division of the County Clerk's Office had significant staff turnover that year, which contributed to our need to rework the SEFA report multiple times. We are confident that the final SEFA was accurate and believe we will not have the same issues in subsequent years.

**County Clerk:** Tulsa County implemented a new ERP system for financial management and fiscal year 2022 is the first year it was used to help prepare the SEFA. Additionally, the Financial Services Division of the County Clerk's Office had significant staff turnover that year, which contributed to our need to rework the SEFA report multiple times. I am confident that our final report was accurate and believe we will not have the same issues in subsequent years.

**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 § 200.508(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. [...]

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

*Compliance Objective*

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

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 2022-018 – Lack of Internal Controls and Noncompliance Over Subrecipient Monitoring - Coronavirus Relief Fund**

**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:** 2022  
**CONTROL CATEGORY:** Subrecipient Monitoring  
**QUESTIONED COSTS:** \$0

**Condition:** While performing testwork to determine that Tulsa County met subrecipient monitoring requirements, OSAI noted the County did not obtain the required subrecipient's single audit from Tulsa Community Foundation (TCF) for the periods ending December 31, 2021 and December 31, 2022 and has not established procedures to ensure compliance with the subrecipient monitoring requirements.

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

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

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Recommendation:** OSAI recommends the County implement policies and procedures to monitor whether the subrecipient obtains a required Single Audit and takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient by the County.

**Management Response:**

**Board of County Commissioners Chairman:** Tulsa County awarded significant funds to the Tulsa Community Foundation through ARPA. We will work with the leadership of the Tulsa Community Foundation to ensure the requirement for the single audit is understood moving forward.

**County Clerk:** Tulsa County awarded significant funds to the Tulsa Community Foundation through ARPA. We will work with the leadership of the Tulsa Community Foundation to ensure the requirement for the single audit is understood moving forward.

**Criteria:** Part 3 of the July 2022 Compliance Requirements read, in relevant part, as follows:

A pass-through entity (PTE) must:

- *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.
  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 § 200.303(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 § 200.331(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



**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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 § 501(a) *Audit requirements* reads as follows:

*Audit required.*

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

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 2022-019 – Lack of Internal Controls and Noncompliance with Compliance Requirement – Reporting - Emergency Rental Assistance Program**

**FEDERAL AGENCY:** U.S. Department of the Treasury

**ASSISTANCE LISTING:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance Program

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Condition:** Expenditures reported on Emergency Rental Assistance (ERA1 and ERA2) quarterly reports do not reconcile to payments made by the Subrecipient to qualifying families during those same quarters. Further, quarterly reports were not reviewed for accuracy and completeness.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with reporting compliance requirements. Amounts paid by the County to the Subrecipient were not reconciled to the Subrecipient's quarterly payments. Further, ERA1 and ERA2 quarterly reports could not be modified or amended once they were submitted and accepted.

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

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Recommendation:** OSAI recommends the County gain an understanding of the compliance requirements for this federal program and implement internal control procedures to ensure compliance with all requirements. OSAI further recommends the County submit quarterly reports that have been fully reconciled with Subrecipient payments to beneficiaries.

**Management Response:**

**Board of County Commissioners Chairman:** The Treasury Department did not allow amended reports for the ERA1 and ERA2 programs until recently. This would have allowed the Clerk's office to make changes to reports that would have reconciled any discrepancies.

**County Clerk:** The Treasury Department did not allow amended reports for the ERA1 and ERA2 programs until recently. This would have allowed us to make changes to reports that would have reconciled any discrepancies.

**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.

The 2022 Compliance Supplement for Assistance Listing 21.023 reads in part:

All ERA grantees must submit quarterly reports with reporting periods of one calendar quarter and several cumulative fields covering all activity from the date of award through the quarter close. These reports provide financial and performance data regarding grantee administration of their ERA projects and capture program design in addition to program status data elements. Quarterly reports are intended to capture standard financial and performance data, as well as detailed information on qualifying direct and indirect expenditures pursuant to the government-wide Federal Funding Accountability and Transparency Act (FFATA) reporting requirements and in accordance with Section 15011

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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of the CARES Act, as amended and interpreted in Treasury's reporting and compliance guidance on Treasury.gov.

**Finding 2022-020 – Lack of Internal Controls and Noncompliance with Compliance Requirements - Activities Allowed or Unallowed and Allowable Costs/Cost - Coronavirus State and Local Fiscal Recovery Funds**

**FEDERAL AGENCY:** U.S. Department of the Treasury

**ASSISTANCE LISTING:** 21.027

**FEDERAL PROGRAM NAME:** Coronavirus State and Local Fiscal Recovery Funds

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

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

**QUESTIONED COSTS:** \$0

**Condition:** OSAI tested twenty-four (24) expenditures from the various projects of the County's Coronavirus State and Local Fiscal Recovery Funds (SLFRF) totaling \$12,574,117. Testwork indicated that although the County's CARES/ARP Committee and BOCC documented approval of the various SLFRF projects individually and noted the total award for each SLFRF project, there was insufficient documentation to show that the BOCC approved of the specific method and timing of payments.

- Project awards were approved by the County in total but the beneficiaries/subrecipients did not receive a one-time payment for the total award. Beneficiaries/subrecipients received partial payments during the fiscal year.
- Partial payments do not appear to be approved independently and were only supported by documentation titled "invoices" prepared by the County's Budget Department and presented to the County Clerk's office for payment.
- Ten (10) expenditures totaling \$9,218,384, from eight different projects noted below, were not supported by written agreements that:
  - were approved prior to the issuance of payments to the beneficiaries/subrecipients,
  - detailed how much funding the beneficiaries/subrecipients were to receive, and
  - provided for the method and timing of the payments.

<b>Project No.</b>	<b>Project</b>	<b>Expenditure Totals</b>
ARP09	Multiple projects with the Tulsa Regional Chamber	\$1,048,785
ARP10	Multiple projects with the Tulsa County Public Facilities Authority	\$1,574,599
ARP22	OKPop Museum Completion	\$1,000,000
ARP13	Oklahoma State University Medical Center Expansion	\$2,000,000
ARP17	Family Safety Center Expansion	\$1,000,000
ARP27	Morton Hospital Building Small Business Incubator	\$1,000,000
ARP05	Airline Support Project	\$1,500,000
ARP32	Happy Hands Education Center Support	\$95,000

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure all payments to beneficiaries/subrecipients are supported by adequate documentation and are reviewed and approved by the BOCC.

**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.

**Recommendation:** OSAI recommends the County design and implement policies and procedures to ensure adequate supporting documentation exists to demonstrate all expenditures to beneficiaries/subrecipients have been reviewed and approved by the BOCC.

**Management Response:**

**Board of County Commissioners Chairman:** Tulsa County made sizeable awards to dozens of organizations in Tulsa County through the American Recovery Plan Act (ARPA). As these conversations occurred in the ARPA Committee and through deliberation of the BOCC, project cashflow and program needs were analyzed, and the County Clerk's Office Budget Division agreed to provide disbursements according to those discussions. It was determined that many projects would be awarded in installments and that was put into practice by the Budget Division. The awards of funds were always approved in open, public meetings. The County Clerk's Office will create a policy and procedure for future programs with written guidelines including items related to project cashflow, agreement status and other needed provisions.

**Auditor Response:** Partial payments should be independently approved by the BOCC and supported by draw down requests/invoices prepared/provided by the subrecipients.

**County Clerk:** Tulsa County made sizeable awards to dozens of organizations in Tulsa County through ARPA. As these conversations occurred in the ARPA Committee and through deliberation of the BOCC, project cashflow and program needs were analyzed, and the County Clerk's Office Budget Division agreed to provide disbursements according to those discussions. It was determined that many projects would be awarded in installments and that was put into practice by the Budget Division. The County Clerk's Office will create a policy and procedure for future programs with written guidelines including items related to project cashflow, agreement status and other needed provisions.

**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).

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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2 CFR § 200.403 - *Factors affecting allowability costs* states in part,  
Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:  
(g) Be adequately documented.

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.

Finally, Principle 10 – Segregation of Duties, states in part:

10.10 – Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.

**Finding 2022-021 – Lack of Internal Controls and Noncompliance Over Subrecipient Monitoring - Coronavirus State and Local Fiscal Recovery Funds**

**FEDERAL AGENCY:** U.S. Department of the Treasury

**ASSISTANCE LISTING:** 21.027

**FEDERAL PROGRAM NAME:** Coronavirus State and Local Fiscal Recovery Funds

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Condition:** While performing testwork to determine that Tulsa County met subrecipient monitoring requirements, OSAI noted the County did not obtain the required subrecipient's single audit from Tulsa Community Foundation (TCF) for the periods ending December 31, 2021 and December 31, 2022 and has not established procedures to ensure compliance with the subrecipient monitoring requirements.

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

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

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Recommendation:** OSAI recommends the County implement policies and procedures to monitor whether the subrecipient obtains a required Single Audit and takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient by the County.

**Management Response:**

**Board of County Commissioners Chairman:** Tulsa County awarded significant funds to the Tulsa Community Foundation through ARPA. We will work with the leadership of the Tulsa Community Foundation to ensure the requirement for the single audit is understood moving forward.

**County Clerk:** Tulsa County awarded significant funds to the Tulsa Community Foundation through ARPA. We will work with the leadership of the Tulsa Community Foundation to ensure the requirement for the single audit is understood moving forward.

**Criteria:** Part 3 of the July 2022 Compliance Requirements read, in relevant part, as follows:

A pass-through entity (PTE) must:

- *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:
  4. Reviewing financial and programmatic (performance and special reports) required by the PTE.
  5. 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.
  6. 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 § 501(a) *Audit requirements* reads as follows:

*Audit required.*

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

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.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**





**MICHAEL WILLIS**  
**Tulsa County Clerk**

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 Tulsa, OK 74119-1004  
 918.596.5851  
 mwillis@tulsacounty.org

**Corrective Action Plan**  
**in accordance with 2 CFR § 200.511c**  
**for the fiscal year ended June 30, 2022**

<b>Finding No.</b>	<b>Title (Financial) or ALN No. &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-002	Lack of Internal Controls Over the Reconciliation of the County Clerk's Financial Records to the County Treasurer's General Ledger – Fund Balances	With the implementation of the new ERP software, reporting issues were discovered that created discrepancies between Clerk's and Treasurer's cash balances. These reporting issues have been corrected, and more timely and accurate balancing is expected.	12-31-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-003	Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding)	The accounting and financial divisions of the Clerk's office are continuously working with other county departments to mitigate this finding and ensure proper compliance with disbursement procedures.	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-006	Lack of Internal Controls Over the Payroll Process	The Payroll department has implemented new procedures following the implementation of the new ERP software. This software allows for greater segregation of duties and a more robust audit trail	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-009	Lack of Internal Controls and Noncompliance Over Consumable Inventories	Updated software on fuel inventories has been implemented, as well as updated procedures for counting consumable inventory.	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-011	Lack of Internal Controls Over the Financial Statement – Fiduciary Funds- Custodial Funds	The finance division has improved communication with the Treasurer's Office to ensure greater understanding of these funds and how to account for them properly.	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-015	Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards	The preparation of the SEFA is complicated and involves communication with almost all of our departments receiving federal awards. The Fiscal Year 2022 SEFA was further complicated due to the conversion of financial software during that year as well as the addition of a new preparer. There have been several conversations with SA&I for guidance,	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020

	(SEFA) (Repeat Finding)	and the preparer has also attended additional training to further her knowledge of the preparation of this report. A stronger review process has also been added so that the number of revisions may be mitigated in the future.		
2022-018	Lack of Internal Controls and Noncompliance Over Subrecipient Monitoring - Coronavirus Relief Fund	Tulsa Community Foundation continues to state that they were not subject to a Single Audit for their FY21 and FY22 years. However, after further discussion with them, a FY23 single audit will be performed. The County will also work more closely with subrecipients to ensure they understand when a Single Audit is necessary.	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-019	Lack of Internal Controls and Noncompliance with Compliance Requirement – Reporting - Emergency Rental Assistance Program	Expenditures reported on the ERA1 and ERA2 were reported to the best of the knowledge we had at the time of reporting. These figures were generally sourced from the third-party administrator. The US Treasury did not allow for corrections to be made to previously submitted reports within their online portal. When corrections were made known, adjustments would be made in the following quarter's report. Going forward, these reports can now be requested to be re-opened for corrections within that quarter.	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-020	Lack of Internal Controls and Noncompliance with Compliance Requirements - Activities Allowed or Unallowed and Allowable Costs/ Cost - Coronavirus State and Local Fiscal Recovery Funds	Project awards were approved by the County in total but were disbursed in two (or sometimes three) tranches. This was an internal policy to provide the receiving entity with only a portion of their award. The entity then had to provide all supporting documentation of their expenses of the first tranche before requesting the remaining portions. The administrator of the funds corresponded with the receiving entities regarding their payment schedule and outlined to them what they would be initially receiving and the process to request the remaining funds.	6-30-2023	Stan Sallee, BOCC Chair, 918-596-5020
2022-021	Lack of Internal Controls and Noncompliance Over Subrecipient Monitoring - Coronavirus State and Local Fiscal Recovery Funds	Tulsa Community Foundation continues to state that they were not subject to a Single Audit for their FY21 and FY22 years. However, after further discussion with them, a FY23 single audit will be performed. The County will also work more closely with subrecipients to ensure they understand when a Single Audit is necessary.	6-30-2023	Karen Keith, BOCC Chair, 918-596-5015

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**



**MICHAEL WILLIS**  
**Tulsa County Clerk**

218 W. 6th St., 7th Floor  
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mwillis@tulsacounty.org

**Summary Schedule of Prior Audit Findings  
in accordance with 2 CFR § 200.511b  
for the fiscal year ended June 30, 2022**

**FINANCIAL AUDIT FINDINGS**

**Finding 2021-001 – 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, 2020-001)**

**Condition:** Upon inquiry of County personnel, observation of the County's disbursement process, and testwork performed, the following was noted: Tulsa County had (25,241) total transactions, (226) transactions were tested, and (19) expenditures were not encumbered prior to receiving goods and services, and (3) expenditure was not charged to the proper period.

**Status:** Partially Corrected

Tulsa County is continuing the efforts of training employees to eliminate this finding. The accounting division and financial services division are continuing to work with the other county departments to ensure adequate training for bookkeepers. 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.

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

**Finding 2021-004 – Inadequate Internal Controls and Noncompliance Over Consumable Inventories**

**Condition:** On June 30, 2021, OSAI performed an inventory count at all four district barns of Tulsa County by selecting a sample of 20 (twenty) inventory items to trace from the district barns to the consumable inventory listings and 20 (twenty) 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. • Annual inventory was not performed for the fiscal year ended 06/30/21 by District 1 and District 4. Additionally, for all Districts no one onsite is reviewing the inventories performed for accuracy.

**Status:** Partially Corrected

The Highways division has implemented fuel-tracking software throughout all four districts, as well as conducting additional physical inventory throughout the fiscal year.

## FINANCIAL AUDIT FINDINGS

### **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 implement 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.”

The Combining Statement of Changes in Fiduciary Net Position - Custodial Funds schedules, OSAI noted that the County had reported monies held in both the clearing accounts and in the custodial funds they were distributed to. Originally the County reported \$924,461,692 in fiduciary custodial fund additions and \$885,425,143 in fiduciary custodial fund deductions when fiduciary custodial fund additions and deduction should have only been reported at \$889,220,475 and \$850,003,926 respectively.

**Status:** Partially Corrected

The County Clerk’s office review detailed transactions that occur within all depositories to eliminate transfers and mitigate overstating the fiduciary funds accounts.

## FEDERAL AUDIT FINDINGS

### **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)**

PASS-THROUGH GRANTOR: N/A  
 FEDERAL AGENCY: N/A  
 ASSISTANCE LISTING: N/A  
 FEDERAL PROGRAM NAME: N/A  
 FEDERAL AWARD NUMBER: N/A  
 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	\$2,312,792	(\$191,004)
14.239	HOME Investment Partnerships Program	\$405,290	\$339,784	(\$65,506)
21.019	Coronavirus Relief Fund	\$0	\$67,262,538	\$67,262,538
21.023	Emergency Rental Assistance	\$0	\$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 Subrecipient Payments	Actual Subrecipient Payments	Variance
16.034	Coronavirus Emergency Supplemental Funding Program	\$0	\$200,510	\$200,510

**Status:** Not Corrected

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

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: Subrecipient Monitoring  
 QUESTIONED COSTS: \$0

**Condition:** 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)

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.

**Status:** Partially Corrected – except for the lack of single audit of a recipient

**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/Cost Principles

QUESTIONED COSTS: \$2,612

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

**Status:** Fully Corrected





Cindy Byrd, CPA | State Auditor & Inspector

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