



TULSA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**SINGLE AUDIT REPORT
TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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March 28, 2019

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, 2018. Our audit report on the financial statements and the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* were issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

Sincerely,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Schedule of Expenditures of Federal Awards

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Food and Nutrition Service				
Passed Through the Oklahoma Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A		\$ 34,564
National School Lunch Program	10.555	N/A		<u>62,490</u>
Total U.S. Department of Agriculture Cluster Programs				<u>97,054</u>
U.S. DEPARTMENT OF DEFENSE				
Passed Through Oklahoma State Treasurer:				
Flood Control Projects	12.106	N/A		<u>1,955</u>
Total U.S. Department Defense				<u>1,955</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Office of Community Planning and Development				
Direct Grant:				
Community Development Block Grants/Entitlement Grants	14.218	B-13-UC-40-0001	\$ 84,570	84,570
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-40-0001	154,305	154,305
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-40-0001	233,255	233,255
Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-40-0001	679,837	679,837
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-40-0001	<u>104,071</u>	<u>104,071</u>
Total CFDA 14.218			<u>1,256,038</u>	<u>1,256,038</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	<u>722,836</u>	<u>722,836</u>
Total U.S. Department of Housing and Urban Development			<u>1,978,874</u>	<u>1,978,874</u>
U.S. DEPARTMENT OF INTERIOR				
Office of the Secretary				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		<u>8,026</u>
Total U.S. Department of Interior				<u>8,026</u>
U.S. DEPARTMENT OF JUSTICE				
Office on Violence Against Women (OVW)				
Direct Grant:				
Justice Systems Response to Families	16.021	2017-FL-AX-0018		77,219
Bureau of Justice Assistance				
Direct Grant:				
State Criminal Alien Assistance Program (SCAAP)	16.606	2017-FL-AX-BK		35,558
Passed Through the City of Tulsa (Tulsa Police Department)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014 JAG		18,887
Passed Through Oklahoma Attorney General				
Justice Reinvestment Initiative	16.827	N/A		<u>30,348</u>
Total U.S. Department of Justice				<u>162,012</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, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
Continued from previous page				
U.S. DEPARTMENT OF TRANSPORTATION				
National Highway Traffic Safety Administration (NHTSA)				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	164AL-17-03-09-08		29,617
State and Community Highway Safety	20.600	164AL-18-03-10-09		79,913
Total U.S. Department of Transportation				<u>109,530</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the Oklahoma Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG-12		24,223
Emergency Management Performance Grants	97.042	EMPG-14		389
Emergency Management Performance Grants	97.042	EMPG-16		39,500
Emergency Management Performance Grants	97.042	EMPG-16		6,195
Emergency Management Performance Grants	97.042	EMPG-16		9,685
Emergency Management Performance Grants	97.042	EMPG-17		39,500
Emergency Management Performance Grants	97.042	EMPG-17		8,960
Total CFDA 97.042				<u>128,452</u>
Passed Through the Oklahoma Department of Emergency Management:				
State Homeland Security Program (SHSP)	97.073	FEMA-4256-DR-OK		2,495
State Homeland Security Program (SHSP)	97.073	FEMA/DHS/OKOHS		9,893
Total CFDA 97.073				<u>12,388</u>
Total U.S. Department of Homeland Security				<u>140,840</u>
Total Expenditures of Federal Awards			<u>\$ 1,978,874</u>	<u>2,498,291</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, 2018**

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the “Schedule”) has been prepared in conformity with the requirements set forth in the Single Audit Act of 1984, Public Law 98-502, the Single Audit Act Amendments of 1996, Public Law 104-156, and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity is the primary government of Tulsa County as presented in the Comprehensive Annual Financial Report (CAFR). Component units included in the CAFR prepare individual financial statements that meet the requirements of the Uniform Guidance and have not been include in the Schedule. The Uniform Guidance allows non-federal entities to meet the audit requirements of the Guidance through a series of audits that cover the reporting entity.

B. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of Tulsa County and is presented on the modified accrual basis of accounting. Revenue and expenditures are reported using the modified accrual basis of accounting in the Comprehensive Annual Financial Report (CAFR).

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, 2018, CFDA #81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$856,405 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 \$226,216 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, 2018 was \$1,082,621.

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

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

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited Tulsa County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Tulsa County's major federal program for the year ended June 30, 2018. Tulsa County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tulsa County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tulsa County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Tulsa County's compliance.

Opinion on Each Major Federal Program

In our opinion, Tulsa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.



Report on Internal Control Over Compliance

Management of Tulsa County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tulsa County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tulsa County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tulsa County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Tulsa County's basic financial statements. We issued our report thereon dated December 31, 2018, which contained unmodified opinions on those financial statements. Our report was modified to include a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 25, 2019 except as to the Schedule of Expenditures
of Federal Awards, for which the date is December 31, 2018

Schedule of Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 1 - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

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

For fiscal year ended 2018, the Comprehensive Annual Financial Report (CAFR) for Tulsa County for the year ended June 30, 2018, was issued under separate cover dated December 31, 2018.

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Program

CFDA Number(s)
14.218

Name of Federal Program or Cluster
Community Development Block
Grants/Entitlement Grants

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

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

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-001 – Inadequate Internal Controls and Noncompliance Over Disbursements (Repeat Finding)

Condition: Per testwork performed, the following was noted:

- For a sample of fifty-five (55) of the eleven thousand one hundred twenty (11,120) General Fund expenditures, we noted the following:
 - Ten (10) totaling \$371,044.63 were not encumbered properly.

Fund	Responsible Office	Purpose	Purchase Order Number	Expenditure Amount
General Fund	County Sheriff	Annual Service Fee	1801171	\$300.00
General Fund	Fiscal Office/BOCC	Legal Fees	1723077	\$3,828.63
General Fund	Fiscal Office/BOCC	Lock Box – Bank Fees	1801221	\$15,731.22
General Fund	Fiscal Office/BOCC	Legal Fees	1802588	\$20,561.89
General Fund	County Sheriff	Annual Subscription – Offender Watch	1803048	\$10,000.00
General Fund	Fiscal Office/BOCC	First Half MET Service Fee	1812387	\$13,122.37
General Fund	Fiscal Office/BOCC	Legal Fees	1723011	\$32,387.44
General Fund	Fiscal Office/BOCC	Bank Fees - Depository	1801222	\$27,678.91
General Fund	Fiscal Office/BOCC	Bank Fees - Depository	1813900	\$25,803.79
General Fund	Fiscal Office/BOCC	Visual Inspection	1811667	\$221,630.38
Total				\$371,044.63

- One (1) in the amount of \$27,678.91 was not charged to the proper period.

Fund	Responsible Office	Purpose	Purchase Order Number	Expenditure Amount
General Fund	Fiscal Office	Bank Fees - Depository	1801222	\$27,678.91

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- For a sample of sixty (60) of the three thousand two hundred forty-one (3,241) Highway T-Cash Fund expenditures, we noted the following:
 - Six (6) totaling \$579,680.00 were not encumbered properly.

Fund	Responsible Office	Purpose	Purchase Order Number	Expenditure Amount
Highway T-Cash Fund	Tulsa Engineering Department/BOCC	ROW - 86th St. and N. Sheridan Rd.	1808459	\$113,534.00
Highway T-Cash Fund	Tulsa Engineering Department/BOCC	Right of Way and Easements for the J3-703(04) Project	1810596	\$178,850.00
Highway T-Cash Fund	Tulsa Engineering Department/BOCC	Right of Way and Easements for the J3-703(04) Project	1810597	\$178,850.00
Highway T-Cash Fund	Highway Construction Division/BOCC	Blanket - Sign Equipment	1808303	\$2,421.00
Highway T-Cash Fund	Tulsa Engineering Department/BOCC	Southwestern Section IMSA Work Zone Temp. Traffic Control Class	1809333	\$10,242.00
Highway T-Cash Fund	Tulsa Engineering Department/BOCC	Labor, Equipment, & Materials for Quarterly Repair on Keystone Expressway	1812671	\$95,783.00
Total				\$579,680.00

- For a sample of fifty-nine (59) of the nine thousand six hundred ninety (9,690) non-major funds expenditures, we noted the following:
 - Twenty-three (23) totaling \$2,693,313.83 were not encumbered properly.

Fund	Responsible Office	Purpose	Purchase Order Number	Expenditure Amount
Court Clerk Revolving Fund	Fiscal Office/BOCC	Court Coordinator Services	1814895	\$7,149.78
County Contribution Fund	County Sheriff	Water Utilities for David L Moss	1802709	\$34,613.46
Special Projects Fund	Fiscal Office/BOCC	Grant – City of Sand Springs - 10th Street Sidewalk Project	1808675	\$26,142.82
Specialty Courts Fund	Fiscal Office/BOCC	Administration Reimbursement. of Mental Health Court	1812035	\$27,358.96
Special Projects Fund	Fiscal Office/BOCC	Grant - Pioneer Village Rehabilitation Final	1804928	\$45,873.14
Special Projects Fund	County Sheriff	FY17/18 E-911 Call Services	1808890	\$46,633.25
Specialty Courts Fund	Fiscal Office/BOCC	Administration Reimbursement. of Mental Health Court	1812986	\$38,912.46
Commissary Fund	County Sheriff	Phone Bill for February 2018	1817108	\$50,788.34
County Contribution Fund	County Sheriff	Medical Administration Services	1802917	\$71,088.22

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Fund	Responsible Office	Purpose	Purchase Order Number	Expenditure Amount
County Contribution Fund	County Sheriff	Medical Administration Services	1802917	\$80,000.00
Special Projects Fund	Fiscal Office/BOCC	Grant - City of Sand Springs - Sewer Improvement	1803852	\$70,105.00
Commissary Fund	County Sheriff	Inmate Trust, Vendor Payment - August 2017 Phone Bill	1806513	\$62,630.00
Special Projects Fund	Fiscal Office/BOCC	CDBG Grant Reimbursement - City of Collinsville - Waterline/Fire Hydrants	1810396	\$69,000.00
County Contribution Fund	Fiscal Office/BOCC	ADA Project Management	1810704	\$83,250.00
County Contribution Fund	County Sheriff	Insurance Renewal	1801919	\$162,833.00
County Contribution Fund	County Sheriff	Annual Tulsa Downtown Assessment	1801855	\$105,076.32
Special Projects Fund	County Sheriff	Utilities for David L Moss: Water Coolant System	1802038	\$100,509.51
Special Projects Fund	Fiscal Office/BOCC	Home Consortium Grant - Project Management -Bartlesville Cottages	1808912	\$237,838.00
County Contribution Fund	County Sheriff	Inmate Meals - October 2017	1809065	\$176,587.90
County Contribution Fund	County Sheriff	Medical Administration Services	1802917	\$267,765.20
County Sheriff Cash Fund	County Sheriff	Medical Administration Services	1806457	\$331,433.01
County Sheriff Cash Fund	County Sheriff	Annual Lease Payment - Subscriber Equipment for County Sheriff	1808302	\$314,323.77
Special Projects Fund	Fiscal Office/BOCC	Urban Grant Reimbursement – City of Broken Arrow	1815699	\$283,401.69
Total				\$2,693,313.83

Cause of Condition: Policies and procedures have not been fully implemented with regard to the disbursement process to strengthen internal controls and ensure compliance with state statutes. Additionally, it appears that some encumbrances may be delayed due to the unavailability of funds.

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

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

Management Response:

Chairman of the Board of County Commissioners: Training efforts began early this year to emphasize the need to follow state purchasing guidelines. I actually refused to approve any request for payment that

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

did not follow proper protocol. We will continue to emphasize, on a county-wide basis, the necessity of adhering to state purchasing procedures to ensure encumbrances are made before goods or services are ordered. While I believe we did make some significant progress in this area, the audit is clear that we still have work to do.

District 1 County Commissioner: After entering office November 12, 2018, the above referenced audit finding was provided to me for my review. I have reviewed said finding as requested. I will take the audit finding recommendations under advisement in order to provide better accountability and stewardship moving forward throughout my term.

District 2 County Commissioner: While the Board of County Commissioners, along with the County Clerk, held trainings after last year's audit, we will continue to improve our training and to do additional training to ensure that all disbursements comply with state statutes. We strive to comply with all state statutes and will continue to work with all divisions and elected officials to ensure the adherence to state purchasing procedures to make sure encumbrances are made before goods and services are ordered.

County Clerk: The County Clerk's office began a training effort in early 2018 to train bookkeepers county-wide on many issues and procedures related to disbursements, purchase order processing and asset management. My staff coordinated with the Purchasing Department on this project. The Purchasing Department also facilitated training around their side of these issues with bookkeepers as well. We made some progress but are still working to improve.

County Sheriff: Encumbering of funds prior to services being rendered is not always attainable within the County Contribution Fund. Funds are encumbered based on cash flow and adequate fund balances.

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.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, purchases should not be made prior to the availability of funds.

Additionally, effective internal controls require that management properly implement procedures to ensure that purchases are made in compliance with 19 O.S. § 1505C.

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."

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 2018-008 – Inadequate Internal Controls Over Business Continuity Plan

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County reviews and updates its BCP regularly.

Effect of Condition: This condition could result in increased delays in the recovery of critical business functions of the County.

Recommendation: OSAI recommends the County comply with best practices presented in the criteria. The specifics of the recommendation have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Management Response:

Chairman of the Board of County Commissioners: The BOCC has reviewed the Tulsa County IT department’s corrective action plan and feel they should driving this project. The BOCC will be monitoring their progress toward meeting deadlines and final completion of the plan.

Criteria: According to CobiT, Deliver and Support 4 Ensure Continuous Service, management must develop an IT continuity plan designed to reduce the impact of a major disruption in critical business functions. This process includes periodic testing and monitoring of the IT continuity/disaster recovery plan to keep the plan relevant, documenting and reporting test results, and addressing weakness.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

No matters were reported.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



MICHAEL WILLIS
Tulsa County Clerk

Tulsa County Administration Building
500 S. Denver, Room 121
Tulsa, Oklahoma 74103-3832
918.596.5851
mwillis@tulsacounty.org

Tulsa County
Schedule of Prior Year Findings and Questioned Costs
in accordance with 2 CFR 200.511b
For the fiscal year ended June 30, 2018

FINANCIAL AUDIT FINDINGS

Finding 2017-001 - Inadequate Internal Controls and Noncompliance Over Disbursements (Repeat Finding)

Initial Year of Finding: 2016

Repeat Finding in Years: N/A

Finding Summary:

Per testwork performed, the following was noted:

1. The audit of the (65) General Fund purchase orders reflected the following: Eleven (11) totaling \$726,269.94 were not encumbered properly. One (1) with expenditures totaling \$11,537.60 was not charged to the proper period.
2. The audit of the (62) Highway T-Cash Fund purchase orders reflected the following: Twelve (12) totaling \$475,310.40 were not encumbered properly.
3. The audit of the (59) non-major funds purchase orders reflected the following: Thirty-seven (37) totaling \$7,944,369.84 were not encumbered properly.

Status: Training is on-going for the Tulsa County bookkeepers by the County Clerk's office and the Purchasing Office.

Anticipated Completion Date: June 30, 2019

Finding 2016-1 – Inadequate Internal Controls Over Operational Transfers and Noncompliance with State Statutes.

Initial Year of Finding: 2016

Repeat Finding in Years: N/A

Finding Summary:

➤ The County's budget was not properly amended, adopted, or filed with the County Excise Board, County Clerk, or Oklahoma State Auditor and Inspector to reflect the \$5,952,259.26 in General Fund monies transferred to other funds as noted:

- \$2,572,952 to the County Contribution Fund,
- \$1,634,924.57 to the Risk Management Fund,
- \$140,000.00 to the Parking Fund,
- \$229,488.00 to the Specialty Courts Fund,
- \$206,000.00 to the Sheriff's Cash Fund,
- \$513,000.00 to the Juvenile Cash Fund,
- \$165,894.69 to the Specialty Projects Fund, and
- \$490,000.00 to the County Highway Fund.

➤ Dedicated sources of revenue were transferred between funds and it could not be determined that expenditures of these revenues were spent for the purposes outlined in state statutes that govern them.

➤ The County's procedures allow interfund transfers to be made and available for obligation prior to the Budget Board approving the interfund transfers.

Status: All interfund transfers are approved by the Budget Board before the transfer is executed.

Finding 2016-2 – Inadequate Internal Controls and Noncompliance Over Disbursements.

Initial Year of Finding: 2016

Repeat Finding in Years: N/A

Finding Summary:

Per test work performed, the following was noted:

- Of the fifty-four (54) General Fund purchase orders tested three (3) totaling \$139,062.97 were not encumbered prior to the ordering or receiving of goods or services.
- Of the forty-four (44) Highway Fund purchase orders tested four (4) totaling \$130,098.30 were not encumbered prior to the ordering or receiving of goods or services.
- Of the twenty-seven (27) Other Governmental Funds purchase orders tested nine (9) totaling \$2,224,419.25 were not encumbered prior to the ordering and receiving of goods or services.
- \$31,117.20 in fiscal year 2016 monies were used to pay for fiscal year 2015 expenditures as noted on Highway/Engineering P.O. 1602268.

Status: Training is on-going for the Tulsa County bookkeepers by the County Clerk's office and the Purchasing Office. Bookkeeper training being conducted to increase accuracy.

Anticipated Completion Date: June 30, 2019

Finding 2015-07 - Inadequate Internal Controls Over the Donations and Expenditures of the Sheriff's Office

Initial Year of Finding: 2015

Repeat Finding in Years: 2016

Finding Summary:

OSAI noted multiple concerns over the acceptance of donations by the Sheriff's office and expenditures made by the Sheriff's office.

Status: The Sheriff's office has corrected these issues.

FEDERAL AUDIT FINDINGS

Finding 2016-01 – Community Development Block Grants/Entitlement Grants Subrecipient Monitoring (Repeat Finding 2015-01)

Initial Year of Finding: 2015

Repeat Finding in Years: 2016

Pass-Through Grantor: Tulsa County

Federal Agency: U S Department of Housing & Urban Development

CFDA No: 14.218

Federal Program Name: Community Development Block Grants/Entitlement Grants

Federal Award Year: 2016

Control Category: Subrecipient Monitoring

Questioned Costs: \$1,007,896

Finding Summary:

On September 13, 2016 HUD approved the Indian Nations Council of Governments', (INCOG)

monitoring plan for Tulsa County Subrecipients entitled the “Tulsa County CPD Programs Monitoring Policies and Procedures” (Monitoring Plan). The Monitoring Plan stated, “One Hundred percent (100%) of Sub Grantees and Sub Recipients with funds expended during a program year (July 1 to June 30) will be monitored with formal on-site visits by INCOG, the agency contracted for administration.”

During the five-month period between HUD’s approval of the Monitoring Plan and the end of audit fieldwork, INCOG could only demonstrate they had performed a “formal on-site visit” of one of Tulsa County’s Subrecipients that constituted 4% of the total CDBG expenditures for the fiscal year audited.

Status: INCOG has adhered to their Monitoring Plan by providing timely, formal on-site monitoring visits to each Tulsa County’s Subrecipients.

Finding 2015-02 - Home Investment Partnerships Program Subrecipient Monitoring

Initial Year of Finding: 2015

Repeat Finding in Years: 2016

Pass-Through Grantor: Tulsa County

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

CFDA NO: 14.239

FEDERAL PROGRAM NAME: Home Investment Partnerships Program

FEDERAL AWARD YEAR: 2015

CONTROL CATEGORY: Eligibility, Earmarking, and Subrecipient Monitoring

QUESTIONED COSTS: \$0

Finding Summary:

Monitoring visits were performed for less than 5% of the total expenditures for the program for the fiscal year ended June 30, 2015.

Status: INCOG has adhered to their Monitoring Plan by providing timely, formal on-site monitoring visits to each Tulsa County’s Subrecipients.

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



Cindy Byrd, CPA | State Auditor & Inspector

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