



TULSA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

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

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July 28, 2021

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, 2019. Our audit report on the financial statements and the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* were issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

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

Sincerely,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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, 2019**

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		\$ 28,338
National School Lunch Program	10.555	N/A		53,958
Total U.S. Department of Agriculture Cluster Programs				<u>82,296</u>
U.S. DEPARTMENT OF DEFENSE				
Passed Through Oklahoma State Treasurer:				
Flood Control Projects	12.106	N/A		1,961
Total U.S. Department Defense				<u>1,961</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-14-UC-40-0001	\$ 43,877	56,803
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-40-0001	47,961	47,961
Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-40-0001	142,339	142,339
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-40-0001	789,516	867,914
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-40-0001	171,771	171,771
Total CFDA 14.218			<u>1,195,464</u>	<u>1,286,788</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	1,241,181	1,241,181
Total U.S. Department of Housing and Urban Development			<u>2,436,645</u>	<u>2,527,969</u>
U.S. DEPARTMENT OF INTERIOR				
Office of the Secretary of Interior				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		8,204
Total U.S. Department of Interior				<u>8,204</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		127,368
Office of Justice Program				
Passed Through the City of Tulsa (Tulsa Police Department)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014 JAG		19,142
Direct Grant:				
Equitable Sharing Program	16.922	N/A		148,063
Total U.S. Department of Justice				<u>294,573</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, 2019**

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				
Department of National Highway Traffic Safety Administration				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	164AL-18-03-09-08		24,855
State and Community Highway Safety	20.600	164AL-19-03-10-09		55,472
Total U.S. Department of Transportation				<u>80,327</u>
U.S. DEPARTMENT OF TREASURY				
Direct Grant:				
Equitable Sharing	21.016	N/A		518,023
Total U.S. Department of Treasury				<u>518,023</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Federal Emergency Management Agency				
Passed Through the Oklahoma Department of Emergency Management:				
Hazard Mitigation Grant	97.039	FEMA		102,866
Hazard Mitigation Grant	97.039	FEMA		3,135
Total CFDA 97.039				<u>106,001</u>
Passed Through the Oklahoma Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG-16		39,500
Emergency Management Performance Grants	97.042	EMPG-17		39,500
Emergency Management Performance Grants	97.042	EMPG-17		16,947
Emergency Management Performance Grants	97.042	EMPG-14		2,495
Total CFDA 97.042				<u>98,442</u>
Passed Through the Oklahoma Department of Emergency Management:				
State Homeland Security Program (SHSP)	97.073	FEMA-4256 DR-OK		2,970
Total U.S. Department of Homeland Security				<u>207,413</u>
Total Expenditures of Federal Awards			<u>\$ 2,436,645</u>	<u>\$ 3,720,766</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, 2019**

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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, 2019, CFDA #81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$788,878 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 \$211,082 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, 2019 was \$999,960.

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;
and Report on Internal Control Over Compliance and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited Tulsa County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tulsa County's major federal programs for the year ended June 30, 2019. 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.

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 each of its major federal programs for the year ended June 30, 2019.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-010. Our opinion on each major federal program is not modified with respect to this matter.

Tulsa County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Tulsa County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

This reissued report replaces our original Single Audit Report for the fiscal year ended June 30, 2019, issued on March 31, 2020. The Schedule of Expenditures of Federal Awards (SEFA) in this Single Audit Report was increased from the original by \$666,086 due to the following awards that were excluded from the original SEFA:

- \$148,063 — CFDA 16.922 — U.S. Department of Justice — Equitable Sharing Program
- \$518,023 — CFDA 21.016 — U.S. Department of Treasury — Equitable Sharing Program

As a result, we have identified and tested an additional major federal program, CFDA 21.016 — Equitable Sharing. The amount excluded from the original SEFA was not material to Tulsa County's CAFR; therefore, our report titled "Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance" is not revised.

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 and therefore, material

weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-009 and 2019-010, that we consider to be material weaknesses.

Tulsa County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Tulsa County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tulsa County as of and for the year ended June 30, 2019, 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, 2019, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 26, 2021 with respect to CFDA 21.016 - Equitable Sharing Program, and
March 30, 2020, with respect to CFDA 14.039 - Home Investment Partnerships Program,
except for our report on the Schedule of Expenditures of Federal Awards,
for which the date is December 31, 2019

Schedule of Findings and Questioned Costs

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

SECTION 1 - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

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

For fiscal year ended 2019, our Independent Auditor's Report and our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for Tulsa County for the year ended June 30, 2019, were issued under separate covers dated December 30, 2019.

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
21.016	Equitable Sharing

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, 2019**

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

Finding 2019-001—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)

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 fifty-six (56) of the eleven thousand one hundred and ninety (11,190) General Fund expenditures reflected the following:
 - Two (2) expenditures totaling \$43,422.00 had adjustment increases of more than ten percent (10%) of the original encumbrance:

Fund	Responsible Office	Purpose	Original Encumbrance	Adjustment Increase	Warrant Number	Warrant Amount
General Fund	Fiscal Office/County Clerk	Legal Fees	\$4,000.00	\$7,008.00	500002012	\$11,008.00
General Fund	Fiscal Office/County Clerk	Audit Services	\$3,000.00	\$29,414.00	500007097	\$32,414.00
Total						\$43,422.00

- Seven (7) expenditures totaling \$233,815.00 were not encumbered prior to receiving goods or services.

Fund	Responsible Office	Purpose	Warrant Number	Warrant Amount
General Fund	OSU Extension Center/BOCC	Contractual Services - Payroll	500001699	\$ 23,508.00
General Fund	OSU Extension Center/BOCC	Contractual Services - Payroll	500012464	\$ 23,508.00
General Fund	OSU Extension Center/BOCC	Contractual Services - Payroll	500000525	\$ 29,388.00
General Fund	Information Technology/BOCC	Annual Contract Payment	500003679	\$ 61,399.00
General Fund	Fiscal Office/County Clerk	Audit Services	500007097	\$ 32,414.00
General Fund	Fiscal Office/County Clerk	Audit Services	500008900	\$ 53,279.00
General Fund	Juvenile Bureau/BOCC	Contract Rental Payment	500000835	\$ 10,319.00
Total				\$233,815.00

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

- The review of a sample of fifty-five (55) of the two thousand eight hundred and twenty-six (2,826) Highway Fund expenditures reflected the following:
 - Six (6) expenditures totaling \$287,019.00 were not encumbered prior to receiving goods or services.

Fund	Responsible Office	Purpose	Warrant Number	Warrant Amount
Highway Fund	District 1 Commissioner	County Share Excavator Purchase	500013441	\$159,153.00
Highway Fund	Highway Construction Division/BOCC	Parts	500006288	\$ 178.00
Highway Fund	Highway Construction Division/BOCC	Parts	500008584	\$ 321.00
Highway Fund	Highway Construction Division/BOCC	Fuel	500010110	\$ 15,556.00
Highway Fund	Tulsa Engineering Department/BOCC	Right of Way Purchase	500002434	\$ 59,381.00
Highway Fund	Tulsa Engineering Department/BOCC	Matching Funds for Highway Project	500007096	\$ 52,430.00
Total				\$287,019.00

- The review of a sample of sixty-three (63) of the eight thousand nine hundred and seventy-seven (8,977) non-major fund expenditures reflected the following:
 - One (1) expenditure totaling \$17,100.00 was not charged to the proper period.

Fund	Responsible Office	Purpose	Warrant Number	Warrant Amount
Special Projects Fund	Fiscal Office/County Clerk	Software Implementation	500001519	\$ 17,100.00

- One (1) expenditure totaling \$195,436.59 00 had an adjustment increase of more than ten percent (10%) of the original encumbrance.

Fund	Responsible Office	Purpose	Original Encumbrance	Adjustment Increase	Warrant Number	Warrant Amount
County Contribution Fund	County Sheriff	Jail Commissary Payment	\$161,408.00	\$34,028.00	500003612	\$195,436.59

- Fourteen (14) expenditures totaling \$2,296,117.00 were not encumbered prior to receiving goods or services:

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

Fund	Responsible Office	Purpose	Warrant Number	Expenditure Amount
County Sheriff Cash Fund	County Sheriff	Operational Reimbursement	500005708	\$ 30,000.00
County Sheriff Cash Fund	County Sheriff	Body Cameras Licensing	500012100	\$ 442,359.00
County Sheriff Cash Fund	County Sheriff	Body Cameras	500012100	\$ 91,394.00
County Contribution Fund	County Sheriff	Software and Hardware	500003093	\$ 156,882.00
County Contribution Fund	County Sheriff	Property and Content Insurance for Jail	500000853	\$ 139,552.00
County Contribution Fund	County Sheriff	Hardware Components	500013345	\$ 378,029.00
Court Clerk Revolving Fund	Court Clerk	Ink Pads	500006732	\$ 210.00
Court Clerk Revolving Fund	Court Clerk	Office Furniture/Shelving	500002393	\$ 157,734.00
Park Fund	Parks Department/BOCC	Water Bill	500005674	\$ 26,931.00
Special Projects Fund	Fiscal Office/County Clerk	CDBG Urban Grant Reimbursement – City of Glenpool	500010890	\$ 87,643.00
Special Projects Fund	Fiscal Office/County Clerk	Home Consortium Grant - Project Management – Pioneer Village Phase 2	500007293	\$ 276,037.00
Special Projects Fund	Fiscal Office/County Clerk	Home Consortium Grant - Project Management – Pioneer Village Phase 2	500007293	\$ 480,273.00
Special Projects Fund	Fiscal Office/County Clerk	Software Implementation	500001519	\$ 17,100.00
Special Projects Fund	Fiscal Office/County Clerk	CDBG Urban Grant Reimbursement – City of Broken Arrow	500009963	\$ 11,973.00
Total				\$2,296,117.00

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 and estimated encumbrances were not calculated in a manner to ensure adequate funding was available.

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.

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

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:

Board of County Commissioners: Fiscal year 2019 saw the end of the Budget Board's Fiscal Office and placed all financial recordkeeping in the County Clerk's office. The County Clerk's office had some turnover in staff but kept the majority of the staff and used existing policies and procedures as the basis of operations. The County Clerk's office had some challenges in the beginning but were always attentive that Oklahoma statutes and Tulsa County policies and procedures were followed. The County Clerk's office provided some training on proper disbursement processes with bookkeepers in the Board of County Commissioner's (BOCC) departments and management continues to stress that all transactions must follow state laws and conform to policies and procedures. We have scheduled more training in the first quarter of 2020. As we move forward, we anticipate that the number of errant disbursements will be reduced.

County Clerk: In fiscal year 2019, the County Clerk's office assumed the responsibilities and oversight of the former Tulsa County Fiscal Office. We have transitioned in terms of staff and most policies and procedures. However, we are working to ensure that the appropriate laws, policies and procedures are followed. The remainder of the County Clerk's office including our Accounting Division and Financial Services Division continue to work with other county departments to ensure adequate training occurs for each bookkeeper. As we move forward, we anticipate that the number of errant disbursements will be reduced.

County Sheriff:

- Warrant #500003612 for \$195,436.59 from County Contribution Fund - This purchase order (PO) was encumbered for \$161,408.00 with an adjustment for \$34,028.00. This monthly PO was encumbered ahead of services rendered for inmate food. The amount encumbered reflects the number of meals corresponding to average monthly inmate population. However, for this particular month, the inmate population exceeded our anticipated total and we adjusted our PO accordingly. In the future, we will strive to be better prepared for inmate population fluctuations.
- Warrant #500005708 for \$30,000 from County Sheriff's Cash Fund - This PO was encumbered for \$30,000 after receiving an invoice for the costs for housing of juveniles for Tulsa County Sheriff Office's (TCSO). This should no longer be an issue, as TCSO now has a contract in place with the vendor and can encumber ahead of time.
- Warrant #500012100 for \$442,359.00 and \$91,394.00 from the County Sheriff's Cash Fund – is related to a grant award from the Oklahoma Attorney General and a contract with the vendor for body worn cameras. During this process, TCSO's purchasing unit was not aware that the order was placed. Therefore, we encumbered after the fact. In the future, we will ensure all parties involved in such matters are informed that all orders placed are done through TCSO purchasing unit.
- Warrant #500003093 for \$156,882.00 and warrant #500013345 for \$378,029.00 from the County Contribution Fund were not encumbered prior to services rendered. TCSO's purchasing unit was not made aware that services were scheduled until after services were completed. In the future, TCSO will strive to have effective internal communication to ensure services are encumbered ahead of time.

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

- Warrant #500000853 for \$139,552.00 was the property insurance payment for David L. Moss Criminal Justice Center. This annual payment is due by the beginning of July; however, TCSO is unable to encumber jail funds until we get access to the account for the new fiscal year.

Court Clerk: In the past, our office did not encumber the purchase order until we were in receipt of an invoice. Since Mr. Newberry took office, policy has changed. Now, the front office is made aware of an expense, encumbers the fund first, and gets a purchase order number so the item can be purchased. The encumbrance is an estimate. Once the invoice is received, adjustments are made to the correct amount. Apparently, in the two instances noted in the finding the front office was not made aware of the need for the items prior to the purchases.

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 quasi-governmental entities.

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. § 310.4 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

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

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 2019-005—Inadequate Internal Controls Over Business Continuity Plan (Repeat Finding – 2018-008)

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County has prepared a formal BCP that would meet the needs of the County in the event of a disaster.

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:

BOCC: We have begun the initial planning steps for all county-wide departments to create departmental “Continuity of Operations Plans” as part of a comprehensive operations plan program for Tulsa County. Our initial county-wide kickoff meeting was on December 11, 2019 and the county is currently in our second phase of the planning process during which individual departmental planning meetings will occur through January 17th. On January 29th we will have our county-wide deconfliction planning meeting. Following this each department will have until February 12th to submit final departmental plans to Tulsa Area Emergency Management Agency (TAEMA) who will then combine these department plans into a Tulsa County Consolidated Continuity Plan, which will be submitted to the Board of County Commissioners for approval by February 24th.

Criteria: According to CobiT, Deliver Service, and Support 4.03 Develop and implement a business continuity response, management should develop a business continuity plan (BCP) and disaster recovery plan (DRP) based on the strategy. Document all procedures necessary for the enterprise to continue critical activities in the event of an incident.

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

Finding 2019-009—Lack of Internal Controls Over Schedule of Expenditures of Federal Awards

PASS-THROUGH GRANTOR: Direct Grant
FEDERAL AGENCY: U.S. Department of Treasury
CFDA NO: 21.016
FEDERAL PROGRAM NAME: Equitable Sharing Program
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2019
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: \$0

Condition: The County failed to report \$666,086 in federal program expenditures on their fiscal year 2019 SEFA. OSAI was not notified of this error until August 2020. Program expenditures not originally reported are as follows:

- \$148,063 - CFDA 16.922 – U.S Department of Justice Equitable Sharing Program.
- \$518,023 - CFDA 21.016 – U.S. Department of Treasury Equitable Sharing.

Cause of Condition: Policies and procedures have not been designed and implemented within the Tulsa County Sheriff's Office and the County as a whole to ensure accurate reporting of expenditures for all federal awards.

Effect of Condition: This condition resulted in:

- Noncompliance with federal requirements.
- The SEFA, as originally prepared and presented by the County and audited by OSAI, reflected expenditures that were understated by \$666,086.
- The original Tulsa County fiscal year 2019 Single Audit was pulled from the federal clearinghouse.
- An additional major program required to be tested.
- The reissuance of the fiscal year 2019 Tulsa County Single Audit

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 accurate reporting of expenditures and revenues on the SEFA and to ensure compliance with federal requirements.

Management Response:

Board of County Commissioners: The Tulsa County Sheriff's Office has addressed any noncompliance within the disbursement processes relating to the Equitable Sharing Program. The BOCC will continue to work to ensure that the established policies and procedures are implemented within the Tulsa County

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Sheriff's Office to guarantee accurate reporting of expenditures for all federal awards that are reported on the SEFA.

County Sheriff: From communication with the Department of the Treasury - Office for Asset Forfeitures, TCSO learned that federal forfeitures needed to be included on the annual SEFA. The Department of Treasury explained "forfeitures" are regarded as "awards." TCSO revised the 2019 SEFA to include federal forfeitures for FY19 and self-reported this error to Tulsa County and to SA&I. Additionally, TCSO reported all federal forfeitures on the FY20 SEFA and will continue to report asset forfeitures on the annual SEFA in the future.

County Clerk: While I believe this issue has been corrected by the Tulsa County Sheriff's Office, it should be noted that the Tulsa County Clerk's Office will continue to offer assistance to any Tulsa County office that receives federal funding. We will continue to help TCSO and other county agencies in following the rules and regulations attached to federal funding as we understand them.

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. [...]

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.

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

Definitions of Objectives

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

Finding 2019-010—Commingling of Funds— Lack of Internal Controls and Noncompliance with Cash Management and Reporting Compliance Requirements

PASS-THROUGH GRANTOR: Direct Grant
FEDERAL AGENCY: U.S. Department of Treasury
CFDA NO: 21.016
FEDERAL PROGRAM NAME: Equitable Sharing
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2019
CONTROL CATEGORY: Cash Management and Reporting
QUESTIONED COSTS: \$0

Condition: Equitable sharing funds from the U.S. Department of Justice and the U.S. Department of Treasury were commingled into a single account. This resulted in a reported beginning balance of \$519,709 (overstated by \$1,686) and total expenditures of \$450,937 (understated by \$67,086) in the 2019 Equitable Sharing Agreement and Certification (ESAC) report.

Further, interest earnings on equitable sharing funds were included in the County's General Fund instead of equitable sharing accounts.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal equitable sharing funds are appropriately segregated and interest earnings are applied to equitable sharing accounts.

Effect of Condition: These conditions resulted in erroneous reporting in the County's ESAC report and misappropriated interest earnings.

Recommendation: OSAI recommends the County segregate federal equitable sharing funds and interest earning in their accounting records.

Management Response:

**TULSA COUNTY, OKLAHOMA
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Board of County Commissioners: The BOCC continues to work with the Tulsa County Sheriff's Office to address any noncompliance within the cash management and reporting processes relating to the Equitable Sharing Program. Equitable sharing funds from the Department of Justice and the U. S. Department of Treasury were commingled into a single account. The Sheriff has detailed a response to this finding and has provided corrective action.

County Sheriff: From communication with the Department of Treasury - Office for Asset Forfeitures, TCSO learned that Department of Justice asset forfeiture funds and Department of Treasury asset forfeiture funds must be maintained in separate accounts. TCSO was able to establish two new accounts (23003606 for DOJ and 23003607 for Treasury) beginning August 2018; therefore, incoming asset forfeiture funds, from this point, were segregated accordingly. However, because the former account of 23003602 ("Arm of the Law" Account) was still active and contained both DOJ and Treasury funds during FY19, the remaining balance was subject to become a finding by the SA&I. The last of the funds from 23003602 were expended in August 2020 and the org will eventually be deactivated.

Additionally, TCSO was not aware of any interest earned on asset forfeiture funds. However, TCSO will communicate with the Tulsa County Treasurer's Office to ensure any interest earned on these funds is appropriately reported and deposited in accordance with the SA&I and Equitable Sharing guidelines.

County Clerk: The Tulsa County Clerk's Office will continue to offer assistance to the Tulsa County Sheriff's Office and any other county office with regard to federal funds and grants. We will continue to assist in following the rules and regulations attached to federal funding as we understand them.

Criteria: Page 21 of the July 2018 Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies reads, in relevant part:

“Department of Justice and Department of the Treasury equitable sharing funds must be tracked and maintained separately.”

“The state or local participating law enforcement agency must: Establish separate Department of Justice and Department of the Treasury accounts or accounting codes to track both revenues and expenditures for each respective Program. No other funds may be commingled in these accounts or with these accounting codes...Deposit all interest earned on equitable sharing funds into the respective account or accounting code. All interest is subject to the same use restrictions as equitable sharing funds. Losses to funds maintained in investment accounts in accordance with the jurisdiction's policies may not be allocated to or deducted from the equitable sharing account.”

Additionally, GAO Standards – Section 2 – Objectives of an Entity – OV2.24 states in part:

Objectives of an Entity – Compliance Objectives

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

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



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

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Inadequate Internal Controls and Noncompliance over Disbursements. (Repeat Finding)	The Accounting Division and Financial Services Division are continuing to work with the other county departments to ensure adequate training for bookkeepers. Training classes and on-line training have been conducted to bring down the number of errant disbursements.	6-30-2020	Stan Sallee, BOCC chair, 918-596-5020
2019-005	Inadequate Internal Controls over Business Continuity Plan (Repeat Finding)	The departments have been behind on completing their reports. The new deadline for the departments to submit their reports is 3/20/2020. The anticipated date for approval from the BOCC will be 4/20/2020.	4-20-2020	Stan Sallee, BOCC chair, 918-596-5020
2019-009	CFDA (21.016) Lack of Internal Controls Over Schedule of Expenditures of Federal Awards.	From communication with the Department of the Treasury – Office for Asset Forfeitures, TCSO learned that federal forfeitures needed to be included on the annual SEFA. The Department of Treasury explained “forfeitures” are regarded as “awards.” TCSO revised the 2019 SEFA to include federal forfeitures for FY19 and self-reported this error to the Tulsa County and to SA&I. Additionally, TCSO reported all federal forfeitures on the FY20 SEFA and will continue to report asset forfeitures on the annual SEFA in the future. The Tulsa County Clerk’s Office and the BOCC believes this issue has been corrected by the Tulsa County Sheriff’s Office, it should be noted that the Tulsa County Clerk’s Office will continue to offer assistance to any Tulsa County office that receives federal funding.	7-1-2021	Stan Sallee, BOCC chair, 918-596-5020

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



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

FINANCIAL AUDIT FINDINGS

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

Condition: Per test work performed, Tulsa County had (24,051) total transactions, (174) transactions were tested, and (39) transactions were not encumbered properly. (1) transaction was not charged to the proper period.

Status: Partially Corrected.

Because of the amount of transactions, this finding has been a repeat finding. Tulsa County is continuing the efforts of training employees to eliminate this finding.

We are proactively working to address this finding. Proactive steps we are taking include:

1. Firm corrective discussions with bookkeepers and division directors when purchases are not properly encumbered.
2. Directing bookkeepers to training materials that are on the Tulsa County intranet referencing the statutory requirement and need for encumbering.
3. Team meetings within the budget division (formally the fiscal office) to identify process changes that will result in proper encumbering. Process changes include encumbering legal bills from the DA in advance using estimates for active lawsuits, and monitoring BOCC minutes for new agreements with outside law firms.

Our immediate goal is to see improvement in this area as we proceed to ultimately have zero findings.

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.

Status: Partially Corrected.

The Technology Security Team responsible for keeping the BCP Plan currently meets on a monthly basis. The BCP was last updated November of 2018 and will be revised in the coming months based on changes within county organizations.

FEDERAL AUDIT FINDINGS

No matters were reported.

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



Cindy Byrd, CPA | State Auditor & Inspector

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