



TULSA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**SINGLE AUDIT REPORT
TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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September 27, 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, 2020. Our audit report on the financial statements and the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* were issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

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

Sincerely,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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, 2020**

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		\$ 18,167
National School Lunch Program	10.555	N/A		38,527
Total U.S. Department of Agriculture Cluster Programs				<u>56,694</u>
U.S. DEPARTMENT OF DEFENSE				
Passed Through Oklahoma State Treasurer:				
Flood Control Projects	12.106	N/A		1,976
Total U.S. Department Defense				<u>1,976</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-17-UC-40-0001	\$ 159,835	159,835
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-40-0001	547,264	722,110
Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-40-0001	125,242	125,242
Total CFDA 14.218			<u>832,341</u>	<u>1,007,187</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	1,599,687	1,599,687
Total U.S. Department of Housing and Urban Development			<u>\$ 2,432,028</u>	<u>2,606,874</u>
U.S. DEPARTMENT OF INTERIOR				
Office of the Secretary of Interior				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		8,379
Total U.S. Department of Interior				<u>8,379</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		162,152
Bureau of Justice Assistance				
Direct Grant:				
State Criminal Alien Assistance Program (SCAAP)	16.606	2017-FL-AX-BK		26,105
Office of Justice Program				
Passed Through the City of Tulsa (Tulsa Police Department):				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019 JAG		17,857
Direct Grant:				
Justice Reinvestment Initiative	16.827	N/A		71,550
Direct Grant:				
Equitable Sharing Program	16.922	N/A		64,137
Total U.S. Department of Justice				<u>341,801</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, 2020**

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		51,768
State and Community Highway Safety	20.600	164AL-19-03-10-09		<u>51,191</u>
Total U.S. Department of Transportation				<u>102,959</u>
U.S. DEPARTMENT OF TREASURY				
Direct Grant:				
Equitable Sharing	21.016	N/A		7,608
COVID-19 Coronavirus Relief Fund	21.019	N/A		<u>1,304,385</u>
Total U.S. Department of Treasury				<u>1,311,993</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Federal Emergency Management Agency				
Passed through the Oklahoma Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A		635,817
Hazard Mitigation Grant	97.039	N/A		102,648
Passed Through the Oklahoma Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG-20		5,568
Emergency Management Performance Grants	97.042	EMPG-18		39,500
Emergency Management Performance Grants	97.042	EMPG-19		<u>39,500</u>
Total CFDA 97.042				<u>84,568</u>
Total U.S. Department of Homeland Security				<u>823,033</u>
Total Expenditures of Federal Awards				<u>\$ 5,253,709</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, 2020**

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 included in the Schedule. Uniform Guidance allows non-federal entities to meet the audit requirements of the compliance supplement 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, 2020, CFDA #81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$720,677 on an October 2014 note with the Indian Nations Council of Governments (INCOG) to update the HVAC system in the courthouse and an outstanding loan balance of \$180,358 on a May 2016 note with INCOG for the purpose of purchasing and replacing certain equipment at the O'Brien Recreation Center. The total outstanding loan balance as of June 30, 2020 was \$901,035.

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

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

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited Tulsa County, 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, 2020. 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, 2020.



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 2020-011. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-010 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-011 to be a significant deficiency.

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, 2020, and the related notes to the financial statements, which collectively comprise Tulsa County's basic financial statements. We issued our report thereon dated February 25, 2021, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 24, 2021 except as to the Schedule of Expenditures
of Federal Awards, for which the date is February 25, 2021

Schedule of Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020, the Comprehensive Annual Financial Report (CAFR) for Tulsa County for the year ended June 30, 2020, was issued under separate cover dated February 25, 2021.

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major program 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>
14.218	Community Development Block Grants/Entitlement Grants
21.019	Coronavirus Relief Fund
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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, 2020

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

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-three (53) of the ten thousand nine hundred and sixty-four (10,964) General Fund expenditures reflected the following:
 - Two (2) expenditures totaling \$40,132 were not encumbered prior to receiving goods or services.
- The review of a sample of forty-three (43) of the two hundred and seventy-six (276) Special Project Fund expenditures reflected the following:
 - Seventeen (17) expenditures totaling \$849,939 were not encumbered prior to receiving goods or services.
 - One (1) expenditure for \$91,300, Special Projects warrant 500029178, issued from the Tulsa Area Emergency Management Agency (TAEMA) account, was presented to the vendor on June 15, 2020, 3 months before items were received by the County on September 15, 2020. Additionally, the purchase order associated with this expenditure, purchase order 202332, was signed certifying receipt of items on June 2, 2020.
- The review of a sample of eighty-nine (89) of the ten thousand five hundred and fifteen (10,515) non-major fund expenditures reflected the following:
 - Two (2) expenditures totaling \$35,393 were not charged to the proper period.
 - Twenty-one (21) expenditures totaling \$1,129,925 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 to strengthen internal controls and ensure compliance with state statutes.

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

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

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Management Response:

Board of County Commissioners: The Board of County Commissioners (BOCC) continues to work with all departments across the Tulsa County to address any noncompliance within the disbursement processes. The BOCC will continue to work to ensure that our departments are following statutory guidelines.

In response to the equipment that was paid for in full by TAEMA prior to the receipt of the equipment, this equipment was purchased as a direct result of the pandemic. The company required payment upfront due to the demand of the equipment. Therefore, it was necessary to pay for the equipment in full and in advance to ensure the County could secure it as soon as possible.

County Clerk: My office continues to work with departments across Tulsa County to reduce the number of errant disbursements. The most significant area where we continue to have issues is related to federal grants. We are working on a future solution that may include encumbering off of award letters and/or additional coordination with our subrecipients and grant administrator. We anticipate that the layout of our new enterprise resource planning (ERP) software system will also assist.

County Sheriff: The Tulsa County Sheriff's Office continues to strive for excellence in adhering to the guidelines and directives found in Title 19 O.S. § 1505 of the Oklahoma Statutes. The department's full attention and dedication in focusing on absolute compliance with the previously mentions sources continues to be our highest priority, especially as it relates to fiscal management protocols for which we operate within.

Court Clerk: In reference to Court Clerk Revolving Fund PO#2015181, the Court Fund has a budget amount for postage which is utilized first. Any remaining balance and/or invoices are paid from the Revolving Fund. The reason for the invoice date being prior to the PO date is that the PO was paid from the court fund with the remaining balance due submitted for payment from the revolving fund.

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.

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:

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Article 10, §15(A) of the Constitution of the Oklahoma State states “...the credit of the State shall not be given, pledged, or loaned to any individual, company, corporation, or association, municipality, or political subdivision of the State, nor shall the State become an owner or stockholder in, nor make donation by gift, subscription to stock, by tax, or otherwise, to any company, association, or corporation.”

Title 63 O.S. § 683.11F states, “Each political subdivision is authorized to exercise the powers vested under this section in the light of the exigencies of the extreme emergency situation without regard to time-consuming procedures and formalities prescribed by law, excepting mandatory constitutional requirements, pertaining to the performance of public work, entering into contracts, the incurring of obligations, the employment of temporary workers, the rental of equipment, the purchase of supplies and materials, and the appropriation and expenditure of public funds.”

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 2020-008 - Lack of Internal Controls Over Business Continuity Plan (Repeat Finding – 2018-008, 2019-005)

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.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cause of Condition: Policies and procedures have not been fully implemented to ensure the County has prepared and approved 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:

Board of County Commissioners: The BOCC considered and approved the Tulsa County Continuity of Operations Plan (the Plan) on December 7, 2020. The Plan has been filed with the Tulsa County Clerk's Office as well as the Tulsa Area Emergency Management Office.

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.

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

Condition: Upon inquiry and observation of the County's accounting for depreciation expense on capital assets, we noted that the accumulated depreciation and current year depreciation expense reported in the County's financial reports did not reconcile to asset listings maintained by the County. It was determined that accumulated depreciation had been overstated by \$4,406,835. This was the result of \$2,921,361 in overstated current year depreciation expense, \$1,519,951 in overstated depreciation expense in the prior fiscal year, and \$34,477 in unidentified understatements.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the accurate and complete reporting of depreciation on capital assets.

Effect of Condition: These conditions resulted in misstated financial statements and could result in further unrecorded transactions, unauthorized changes to an asset, or undetected clerical errors.

Recommendation: OSAI recommends management design and implement policies and procedures to ensure controls are fully implemented or to ensure accurate and complete reporting of depreciation of capital assets.

Management Response:

County Clerk: The County Clerk's office prepares several schedules related to capital assets, all of which are cross referenced and reviewed. Accumulated depreciation was overstated in the prior year due to an uncaught error, and this error continued through the current fiscal year. The error was corrected and

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

submitted to the auditors with revised figures, and additional training and follow up has been provided to both the preparers and reviewers of these schedules. In addition, there has been an unreconciled difference in depreciation (\$ < 40,000) since FY 2016. This difference will be fully reconciled before the end of FY 2021.

Criteria: 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.

Additionally, Section 2 – Establishing an Effective Internal Control System – OV2.24 Safeguarding of Assets states in part:

Objectives of an Entity – Compliance Objectives

OV2.24 – 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.

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

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

Condition: The County’s Schedule of Expenditures of Federal Awards (SEFA) was understated by \$454,847 due to the following errors:

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- \$72,414 was reported in error for CFDA 16.034 – Coronavirus Emergency Supplemental Funding Program.
- \$4,618 was overreported for CFDA 16.738 – Edward Byrne Memorial Justice Assistance Grant Program.
- \$15,525 was underreported for CFDA 16.922 – Equitable Sharing Program.
- \$15,525 was overreported for CFDA 21.016 – Equitable Sharing.
- \$1,356 was underreported for CFDA 21.019 – Coronavirus Relief Fund.
- \$530,741 was underreported for CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- \$218 was overreported for CFDA 97.039 – Hazard Mitigation Grant.

Cause of Condition: Policies and procedures have not been designed and implemented within the Tulsa County Sheriff’s Office, TAEMA, 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 \$454,847.
- An additional major program required to be tested.

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 on the SEFA and to ensure compliance with federal requirements.

Management Response:

Board of County Commissioners: The Board of County Commissioners and the Tulsa County Clerk’s Office will continue to work with the Tulsa County Sheriff’s Office, TEMA, and other county departments and affiliates to ensure that the terms and requirements of federal grants are followed. There has been a review of the expenditure process and changes have been implemented by the impacted agencies to improve the reporting of the federal awards.

County Clerk: The Tulsa County Clerk’s Office will continue to work with the Tulsa County Sheriff’s Office, Tulsa Area Emergency Management Agency and other county departments and affiliates to ensure that the terms and requirements of federal grants are followed. We will also continue to offer our assistance with any areas in policy and procedure to ensure accurate reporting of expenditures of federal awards.

TAEMA: TAEMA is responsible for the fund reporting related to CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) and is appreciative of the OSAI finding in regard to this underreporting. Upon our internal review it was determined that the funds were underreported in FY2020 due to the complex nature of Stafford Act disaster funds. These funds are often spent in one fiscal year, obligated in a different fiscal year, and then actually reimbursed to the county in a third fiscal year. It was

TULSA COUNTY, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

the understanding of our internal finance person that funds should be reported only once they have received them. We appreciate the timely clarification that was presented to TAEMA regarding the OSAI determination that funds should be reported in the fiscal year obligated, rather than the fiscal year received. We have updated our internal operating and reporting procedures to reflect this current standard of reporting in the obligation year and are correcting our FY2021 report to prevent over-reporting on that report.

The \$218 over report for CFDA 97.039 – Hazard Mitigation Grant was due to the project coming in \$218 under budget. This program is a reimbursement grant which means we only receive what is actually spent rather than what is obligated. This discrepancy is the difference between the obligated amount and the amount actually expended and refunded. Based off the guidance provided to TAEMA by OSAI, we agree that this was over-reported as a result of the way the HMGP program works. We will review our internal operating and reporting procedures to address this and provide training to our staff as needed.

County Sheriff: Regarding \$72,414 overreported for CFDA 16.034 – Coronavirus Emergency Supplemental Funding Program: TCSO reported this amount when we received the award. We now understand that we report federal awards on the SEFA when expended. We did not expend from this grant until FY21.

Regarding \$4,618 overreported for CFDA 16.738 – Edward Byrne Memorial Justice Assistance Grant Program: TCSO reported the amount of the total award (\$22,474.01), instead of the amount expended (\$17,856.99). This left a discrepancy of \$4,618.01. We now understand that we report federal awards on the SEFA when expended.

Regarding \$15,525 underreported for CFDA 16.922 – Equitable Sharing Program and \$15,525 overreported for CFDA 21.016 – Equitable Sharing Program: TCSO reconciled the Department of the Treasury and Department of Justice federal forfeiture accounts. We adjusted each account by \$15,525.00. In the future, this will no longer be an issue as federal forfeitures are segregated and deposited in the appropriate account.

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, 2020**

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* read 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.

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 2020-011 - Lack of Internal Controls and Noncompliance Over Federal Emergency Management Agency Expenditures

PASS-THROUGH GRANTOR: Oklahoma Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2020

TULSA COUNTY, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CONTROL CATEGORY: Allowable Costs/Cost Principles and Matching
QUESTIONED COSTS: \$780

Condition: Of the fifteen (15) expenditures tested, seven (7) were not supported by signed documentation indicating TAEMA's Executive Director approval.

Additionally, multiple variances found in the equipment rates used highway equipment charges resulted in overcharges of \$780 for Federal Emergency Management Agency (FEMA) reimbursements.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the expenditure of federal funds are allowable and accurate.

Effect of Condition: These conditions resulted in noncompliance with federal requirements. Further, these conditions could result in unrecorded transactions, undetected errors, misappropriation of federal funds, and inaccurate records.

Recommendation: OSAI recommends internal control procedures be designed and implemented to ensure expenditures are reviewed for allowability and accuracy and proof of review is documented.

Management Response:

Board of County Commissioners: TAEMA, as a general rule coordinate with the local FEMA representative for a review of all invoices prior to their submission to FEMA. The multiple variances in equipment charges are allowed by FEMA depending on the use and type of equipment. TAEMA has been improving their internal system to better tract the county owned equipment to allow for a more accurate reporting process.

The issue of the TAEMA Executive Director signing expenditures with electronic signatures is that a handwritten or password protected process needs to be utilized. The TAEMA Executive Director has changed their internal procedure to provide a hand signed submission of the expenditures when an electronic signature is used.

TAEMA: TAEMA agrees with the finding related to signatures needing to be hand signed by the Director prior to submission through FEMA and has altered internal procedures to require that all submitted force account documentation supplied to FEMA must first have written approval by the TAEMA Director or their designee.

As to the matter regarding FEMA charges of highway equipment, TAEMA and FEMA work together to ensure that these charges are as accurate as possible and each one of these charges was reviewed and discussed with the FEMA Public Assistance Program Manager that was assigned to assist TAEMA with reaching as consistent and accurate pricing as possible regarding force equipment usage. Different categories of equipment have different reimbursement rates that are set by FEMA, and as a result, rates for similar pieces of equipment may provide for very different reimbursement amounts. TAEMA has been working internally to catalogue and pre-categorize county owned equipment into a computerized system

**TULSA COUNTY, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

that will allow for more accurate reporting. It is our belief that this system once operational will allow for better clarity in reporting of equipment types and FEMA approved reimbursement rates.

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.

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.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



MICHAEL WILLIS
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 218 W. 6th St., 7th Floor
 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, 2020**

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding)	The accounting division and financial services division are continuing to work with the other county departments to ensure adequate training for bookkeepers.	6-30-2021	Stan Sallee, BOCC Chair, 918-596-5020
2020-008	Lack of Internal Controls Over Business Continuity Plan (Repeat Finding)	The Business Continuity Plan was completed and on 12-7-2020 was accepted and filed with the BOCC.	12-7-2020	Stan Sallee, BOCC Chair, 918-596-5020
2020-009	Lack of Internal Controls Over Depreciation of Capital Assets	The County Clerk office should have the capital assets fully reconciled on 6-30-2021	6-30-2021	Stan Sallee, BOCC Chair, 918-596-5020
2020-010	Lack of Internal Controls over the Schedule of Expenditures of Federal Awards (Repeat Finding)	The Tulsa County Clerk's Office will continue to work with the Tulsa County Sheriff's Office, Tulsa Area Emergency Management Agency and other county departments and affiliates to ensure that the terms and requirements of federal grants are followed. We will also continue to offer our assistance with any areas in policy and procedure to ensure accurate reporting of expenditures of federal awards.	6-30-2021	Stan Sallee, BOCC Chair, 918-596-5020
2020-011	Lack of Internal Controls and Noncompliance over Federal Emergency Management Agency Expenditures	TAEMA agrees with the finding related to signatures needing to be hand signed by the Director prior to submission through FEMA and has altered internal procedures to require that all submitted force account documentation supplied to FEMA must first have written approval by the TAEMA Director or their designee.	6-30-2021	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, 2020**

FINANCIAL AUDIT FINDINGS

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: Tulsa County had (22,993) total transactions, (174) transactions were tested, and (3) expenditures had adjustment increases of more than ten percent (10%) of the original encumbrance. (27) expenditures were not encumbered prior to receiving goods and services, and (1) expenditure was not charged to the proper period.

Status: Partially Corrected.

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

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

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

Finding 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.

Status: Not Corrected

The initial planning steps for all county wide departments to create departmental "Continuity of Operations Plans" as part of a comprehensive operations plan program for Tulsa County is still in progress. Tulsa County is currently in second phase of the planning process of which individual departments are still working on their own "Business Continuity Plan." No dates have been established for completion of these plans and therefore no dates have been established of when the total plan will be submitted to the BOCC for approval.

FEDERAL AUDIT FINDINGS

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.

Status: Corrected.

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.

Status: Corrected.

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



Cindy Byrd, CPA | State Auditor & Inspector

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