

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
REPORTS ON INTERNAL CONTROL AND COMPLIANCE
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
REPORTS ON INTERNAL CONTROL AND COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2007**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

January 15, 2009

TO THE CITIZENS OF
TULSA, OKLAHOMA

Transmitted herewith is the revised Tulsa County 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*, for the fiscal year ended June 30, 2007.

Please replace the table of contents and pages 4 and 5 and 10 through 32 with the revised pages.

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

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage". The signature is written in a cursive, flowing style.

STEVE BURRAGE, CPA
STATE AUDITOR AND INSPECTOR

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Schedule of Expenditures of Federal Awards

TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Oklahoma State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 27,577
National School Lunch Program	10.555	N/A	<u>48,506</u>
Total U.S. Department of Agriculture			<u>76,083</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer:			
Flood Control Projects	12.106	N/A	<u>2,195</u>
Total U.S. Department of Defense			<u>2,195</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payments in Lieu of Taxes (PILT)	15.226	N/A	<u>4,275</u>
Total U.S. Department of Interior			<u>4,275</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Oklahoma Department of Human Services:			
Passed Through Tulsa County Juvenile Trust Authority:			
Foster Care Title IV-E	93.658	N/A	<u>61,821</u>
Total U.S. Department of Health and Human Services			<u>61,821</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Oklahoma Department of Civil Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	72,126
Passed Through Oklahoma Office of Homeland Security:			
Homeland Security Grant Program/Law Enforcement Terrorism Prevention Grant Program	97.067	N/A	<u>101,650</u>
Total U.S. Department of Homeland Security			<u>173,776</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Oklahoma Department of Commerce:			
Community Development Block Grant	14.228	11964 CDBG 05	75,907
Direct Grant			
HOME Investment Partnerships Program	14.239	M-06-DC-40-0205	<u>1,265,860</u>
Total U.S. Department of Housing and Urban Development			<u>1,341,767</u>

The accompanying notes are an integral part of this schedule.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	2005-WE-AX-0056	182,906
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0562	323,625
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0697	668,255
Total CFDA #16.738			<u>991,880</u>
Passed Through Office of Juvenile Affairs:			
Passed Through Tulsa County Juvenile Trust Authority:			
Passed Through Community Service Council:			
Juvenile Justice & Delinquency Prevention Allocation to States (Streetworker)	16.540	N/A	135,186
Passed Through District Attorneys Council:			
Community Prosecution & Project Safe Neighborhood	16.609	PSNN03-007	11,091
Community Prosecution & Project Safe Neighborhood	16.609	PSNN06-001	39,768
Total CFDA #16.609			<u>50,859</u>
Violence Against Women Grants 2007	16.588	V06-029	48,400
Violence Against Women Grants 2006	16.588	V05-029	59,475
Total CFDA #16.588			<u>107,875</u>
Total U.S. Department of Justice			<u>1,468,706</u>
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
Passed Through Oklahoma Highway Safety Office:			
State and Community Highway Safety (Speed Enforcement)	20.600	PT-06-03-25-06	61,895
State and Community Highway Safety (Speed Enforcement)	20.600	PT-07-03-29-07	46,794
Total National Highway Traffic Safety Administration			<u>108,689</u>
Total Expenditures of Federal Awards			<u>\$ 3,237,312</u>

The accompanying notes are an integral part of this schedule.

TULSA COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards 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 the Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

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).

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 cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported using the modified accrual basis of accounting in the Comprehensive Annual Financial Report (CAFR). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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***

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

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*

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

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, Oklahoma as of and for the year ended June 30, 2007, which collectively comprise Tulsa County's basic financial statements and have issued our report thereon dated February 7, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Tulsa County Industrial Authority, Tulsa County Criminal Justice Authority, Tulsa County Home Finance Authority, Tulsa County Employees' Retirement System, Tulsa County Public Facilities Authority, and the Tulsa City/County Health Board as described in our report on Tulsa County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tulsa County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the

deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. 2007-04, 2007-05, 2007-06, 2007-07, 2007-08, 2007-10, 2007-12, 2007-13, 2007-14, 2007-15

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-14 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tulsa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2007-09.

Tulsa County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tulsa County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.


MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR AND INSPECTOR

February 7, 2008

**Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133**

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Tulsa County, Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tulsa County's management. Our responsibility is to express an opinion on Tulsa County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of Tulsa County's compliance with those requirements.

In our opinion, Tulsa County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompany schedule of findings and questioned costs as items 2007-19, 2007-20, 2007-21, and 2007-24.

Internal Control Over Compliance

The management of Tulsa County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tulsa County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as described below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency and that we consider to be a material weakness.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-23 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency in internal control over compliance described above to be a material weakness.

Tulsa County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tulsa County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Tulsa County as of and for the year ended June 30, 2007, and have issued our report thereon dated February 7, 2008. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Tulsa County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management of the County, federal awarding agencies, and pass-through entities and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR AND INSPECTOR

March 31, 2008, except for the Report on the Schedule of Expenditures of Federal Awards, as to which the date is February 7, 2008.

Schedule of Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Program
16.738	Edward Byrne Memorial Justice Assistance Grant Program

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	No

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 2007-04 – Bank Reconciliations – Inmate Trust Account (Repeat Finding)

Criteria: An essential part of the internal controls is the performance of a reconciliation of accounting records to bank records. The reconciliation is an important process in ensuring the accuracy of accounting records and ensuring that all monies are accounted for. Supervisory review is an integral part of ensuring that established office policies and procedures are being followed.

Condition: It appears no bank reconciliations have been performed of the records of the Inmate Trust Account.

Effect: Without monthly reconciliations, the Sheriff’s office is unable to have a complete and accurate assessment of the monies on hand in the Inmate Trust Account.

Recommendation: We recommend the Sheriff’s office perform a monthly reconciliation of the Inmate Trust Accounts. This reconciliation should be performed by personnel who are separate from the receipting and disbursement functions of the Inmate Trust Account.

Views of responsible officials and planned corrective actions:

Tim Albin, Chief Deputy, Tulsa County Sheriff’s Office –

The Tulsa County Sheriff’s Office assumed operation of the David L. Moss Criminal Justice Center in July 2005. The inmate trust fund was transferred to the Sheriff’s Office by the previous operator. Since that time, the Tulsa County Sheriff’s Office has researched options for a more efficient accounting system that would be compatible with our jail operating system.

In August of 2007, the Tulsa County Sheriff’s Office located a system that we feel will address all issues that the State Auditor has raised.

The Touchpay accounting system allows for daily reconciliation and balance of the inmate trust fund. This system allows us to do away with the checks that are issued and allows for real time accountability.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Finding 2007-05 – Receipts – Inmate Trust Fund Checking Account

Criteria: Effective accounting controls over receiving of monies include adequate documentation of such receipts.

Condition: When inmates arrive at the County Jail, the booking officer uses any available receipt book. Receipts are pre-numbered but they are *not being issued* in numerical order and therefore, not all of the receipts can be accounted for. Receipt number sequences range from 61000s to the hundreds and back to the 10000. There was no evidence that receipts are being voided or retained when an officer decides not to issue a receipt.

Effect: This does not allow for proper accountability of all receipts. This may also lead to the misappropriation of Inmate Trust Funds.

Recommendation: We recommend the booking department of the Sheriff's office maintain a stronger control on the sequential order of which receipt books are used by officers when booking inmates. Only one receipt book should be available at a time and the next sequential receipt book needs to be in an accessible location for officers in the booking office. Should more than one receipt book be used, sorting the receipts on the receipts ledger will aid in accounting for all receipts.

Views of responsible officials and planned corrective actions:

Tim Albin, Chief Deputy, Tulsa County Sheriff's Office –

The Tulsa County Sheriff's Office assumed operation of the David L. Moss Criminal Justice Center in July 2005. The inmate trust fund was transferred to the Sheriff's Office by the previous operator. Since that time, the Tulsa County Sheriff's Office has researched options for a more efficient accounting system that would be compatible with our jail operating system.

In August of 2007, the Tulsa County Sheriff's Office located a system that we feel will address all issues that the State Auditor has raised.

The Touchpay system will do away with multiple receipt books that are not being used. The system will issue sequential numbered receipts and for cash or money orders only one book will be used.

Finding 2007-06 – Vouchers – Inmate Trust Account

Criteria: Title 19 O.S § 531.A states, "Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account," to be managed by the county sheriff and maintained separately from regular county funds. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Condition: Inmate Trust Account vouchers do not appear to be issued in sequential order. There are two boxes of vouchers at two separate locations. One box of vouchers is kept by the Detention Officer and the other box is kept at booking. Whenever an inmate is ready to be released, vouchers can be issued from either box.

Effect: This does not allow for proper accountability of all vouchers, and can lead to possible misappropriation of the inmates' funds.

Recommendation: We recommend that a person who is independent from booking issue the vouchers. Also, only one person should have possession of the unused vouchers and that person should be responsible for any voucher that needs to be voided.

Views of responsible officials and planned corrective actions:

Tim Albin, Chief Deputy, Tulsa County Sheriff's Office –

The Tulsa County Sheriff's Office assumed operation of the David L. Moss Criminal Justice Center in July 2005. The inmate trust fund was transferred to the Sheriff's Office by the previous operator. Since that time, the Tulsa County Sheriff's Office has researched options for a more efficient accounting system that would be compatible with our jail operating system.

In August of 2007, the Tulsa County Sheriff's Office located a system that we feel will address all issues that the State Auditor has raised.

As previously stated, the Touchpay system will do away with the checks or vouchers now being used. The system will issue debit cards and monies will be transferred by electronic means to accounts.

Finding 2007-07 – Deposits – Inmate Trust Account

Criteria: Title 19 O.S. § 682 states in part, "It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office..."

Title 19 O.S § 531.A. states in part, "The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Condition: We found that the money received from various sources such as *booking, daily mail deposits, and money received from visitors* is not being deposited on a daily basis. For example, money received on Wednesday, August 9, 2006, at booking was not deposited until Monday, August 14, 2006. Also,

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

daily mail and money received from visitors on Monday, August 9, 2006, was not deposited until Friday, August 13, 2006.

Effect: Monies received are not being safeguarded from possible impropriety.

Recommendation: We recommend the County Sheriff's office deposit all money received on a daily basis.

Views of responsible officials and planned corrective actions:

Tim Albin, Chief Deputy, Tulsa County Sheriff's Office –

The Tulsa County Sheriff's Office assumed operation of the David L. Moss Criminal Justice Center in July 2005. The inmate trust fund was transferred to the Sheriff's Office by the previous operator. Since that time, the Tulsa County Sheriff's Office has researched options for a more efficient accounting system that would be compatible with our jail operating system.

In August of 2007, the Tulsa County Sheriff's Office located a system that we feel will address all issues that the State Auditor has raised.

During August of 2006, it was discovered that the employee tasked with the responsibility of management of the inmate trust fund had not been making timely deposits. The employee was transferred out of the position. Since this incident, all deposits are deposited in accordance with State requirements.

The Touchpay system allows for an electronic network to facilitate funds for deposit, release and booking. The Tulsa County Sheriff's Office expects to enter into contract negotiations with Touchpay in January 2008 and expects the system to be operational by July 2008.

Finding 2007-08 – Compensated Absences

Criteria: Effective internal controls over compensated absences require proper documentation of hours worked, leave earned and used, and timesheet approval by a supervisor with knowledge of the employees' activities.

Condition: It was noted that leave time reported on 12 out of 35 employees' timesheets reviewed did not match the compensated absences reported by the department. One of the employees' timesheet reviewed was not included on the compensated absences report from the department, which amounted to \$3,296.48 in unused leave. Each department uses different methods of timekeeping. The County does not have a uniform method of timekeeping that is consistently used throughout county government.

The CP5445-R01 report, obtained from the Personnel Department, does not appear to be accurate. We noted 30 employees (Court Clerk-1, Social Services – 1, Parks Department – 6, Juvenile – 10, MIS –2, Administrative Services – 2, Building Operations – 3, Election Board – 1, Court Fund – 1, and Court

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Services – 3) with hire dates on this report that were not updated and reflected a 00/00/0000 hire date. Many offices do not use this report to record employee leave balances.

Effect: The error in the compensated absences reported results in an understatement of \$4,268.67. This amount represents only a sample of the County time records.

It appears a report from the County Personnel Department does not accurately reflect the County employees' employment information.

Recommendation: We recommend the County develop a system that is uniformly used throughout the County when accounting for hours worked, leave earned, and leave used.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Dennis Semler, Tulsa County Treasurer –

This condition has been addressed with personnel bearing reporting responsibilities and every effort will be made to ensure that compensated leave balances for all employees are accurately reported.

Finding 2007-09 – Encumbrances (Repeat Finding)

Criteria: Title 19 O.S. § 1505.C.2 states, “The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.” Also, 19 O.S. 1505.C.3 states in part, “... In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.”

Condition: We noted nineteen (19) instances out of one hundred sixty (160) purchase orders tested where goods or services were either ordered and/or received prior to encumbering monies.

- A) Six (6) were noted in Fund 10 – General Fund for a total of \$66,560.58
- B) Two (2) were noted in Fund 20 – Highway Fund for a total of \$385.02
- C) Seven (7) were noted in Fund 58 Org 5840 – Sheriff/Jail Fund for a total of \$845,737.56
- D) One (1) was noted in Fund 17 – Treasurers Mtg Cert. Fee for a total of \$80.00
- E) One (1) was noted in Fund 23 – Adult Drug Court for a total of \$553.51

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

F) Two (2) were noted in Fund 26 – Parks for a total of \$5,450.00

Total encumbrances made after the ordering and/or receiving of goods or services total \$918,766.67.

Effect: Unencumbered expenditures are being made in violation of state statutes.

Recommendation: We recommend funds be encumbered prior to the ordering and/or receiving of goods and services to comply with 19 O.S. § 1505.C.2, and to ensure funds are available for all purchases made.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Dennis Semler, Tulsa County Treasurer –

This condition has been addressed with personnel bearing purchasing responsibilities and every effort will be made to ensure that monies are encumbered prior to the purchase of goods or services.

Dee Burch, Chief Deputy, Tulsa County Sheriff's Office –

The following purchase orders were not encumbered prior to the ordering/or receiving due to the reasons listed:

P.O. #705977 – Legal Professional Services

P.O. #706212 – Emergency Purchase Order (P.O. Marked)

P.O. #708081 – Inspection performed prior to our knowledge that they were coming to the Jail.

P.O. #710305 – Professional Services

P.O. #712434 – Used wrong blanket purchase order

P.O. #717763 – Food Services – Cancelled out purchase order for that month by mistake.

P.O. #701117 – County Arms system did not open the books for July until middle of month. We did not receive or realize there were overage costs for medical until we were billed for these costs.

In the future we will encumber and estimate these costs for services prior to the month of receiving those services.

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Finding 2007-10 – Capital Inventory

Criteria: Capital Inventory procedure file number TCP 002, page 9, F. Regulation and Policy #9 and #10.

9. "...each Official/Division Director shall direct the Inventory Officer for the department/division to undertake a physical inventory of all capital inventory items which have come into custody of the department/division."
10. "After the Inventory Officer completes the physical inventory and updates all capital inventory records, the Official/Division Director for each department/division shall sign the certification statement at the end of the corrected computer printout for the department/division, thereby affirming that the records are correct and complete."

Condition: We noted that the following departments have one or more items that were incorrect in their certified capital inventory list.

- Building Operations – Had three (3) deleted items still showing on their list
- Parks Department – Had three (3) deleted items still showing on their list
- Assessor's Office – Had one (1) deleted item still showing on their list
- Administrative Services – Had one (1) addition item not on their inventory list

Effect: This condition results in inaccurate office/division asset records.

Recommendation: We recommend that each office follow the established procedures stated above to ensure they have appropriately added or deleted items from their annual certified capital inventory list.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Ken Yazel, Tulsa County Assessor –

Inventory resolution to delete item was approved by BOCC on June 25, 2007. The item was deleted from the MIS inventory system and dated with a deletion date of June 25, 2007. However, the July 7, 2007, MIS Certified Inventory list signed by Mr. Yazel showed the item was on-site.

Future certifications of capital inventory will be reviewed for recent inventory changes to ensure timely completion of paperwork. Additionally, follow-up will be conducted by Inventory Officer with each party until the inventory resolutions are finalized.

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Finding 2007-12 – Capital Inventory

Criteria: According to the Capital Inventory procedure file number TCP 002, Enclosure 2, page 1, “NOTE: ... Other than for items received through inter-department transfer (in which case the Record is instead conveyed to the County Clerk during the transfer Resolution approval process), the Inventory Clerk shall forward a copy of the Record to the departmental Bookkeeper to be temporarily attached (clipped or banded) to the back of the relevant purchase order when sent to the office of the County Clerk for payment. The County Clerk’s office shall not process for payment any purchase order for any capital item unless a valid copy of the applicable Record (and the applicable Transmittal) are attached. The copy of each inventory record received shall be retained in the County Clerk’s master inventory files.”

Condition: We noted that the following departments did not have one or more inventory records filed in the County Clerk’s master inventory file:

- Building Operations – One record missing (deletion)
- Parks Department – One record missing (deletion)
- Administrative Services – Three records missing (1 addition, 2 deletions)

Effect: Established capital inventory procedures are not being followed.

Recommendation: We recommend each office follow the established procedure stated above and submit updated records of furniture, tools, machinery, and equipment to the County Clerk’s office to retain in their master inventory files.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Finding 2007-13 – Capital Inventory

Criteria: Title 19 O.S. § 178.3.A. states, “The county clerk shall be custodian and repository of all inventory records, files and reports.”

According to the Capital Inventory procedure file number TCP 002, page 9, F. Regulation and Policy #11, “Each Official/Division Director shall place the certified capital inventory printout for his/her department/division on the BOCC’s meeting agenda by the last meeting in June of each year for approval.

NOTES:

- a. All certified inventory printouts shall be filed in the County Clerk’s office.
- b. The BOCC’s Chief Deputy shall make a report at the last BOCC meeting in June of each year, identifying any departments/divisions that have not submitted a certified inventory.”

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Condition: We noted that the Tulsa County Sheriff's office had not submitted an annual certified capital inventory count as of June 30, 2007, to the County Clerk's office.

Effect: This condition could result in unrecorded inventory items, undetected errors, and/or misstatements of the office/division's assets. This is also a violation of the County's policy and procedures.

Recommendation: We recommend the Sheriff's office file an annual certified capital inventory count in the County Clerk's office and the BOCC's Chief Deputy make a report at the last BOCC meeting in June of each year, identifying any departments/divisions that have not submitted a certified inventory in accordance with the County's policy and procedures manual.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Dee Burch, Chief Deputy, Tulsa County Sheriff's Office –

The certified inventory is being completed today and signed by Sheriff Glanz. The employee who has always been responsible for the inventory was off work for three months during that time period and the inventory certification was overlooked. The Sheriff's Office has always complied with the certification of capital inventory and will continue to do so in the future.

Finding 2007-14 – Capital Assets (Repeat Finding)

Criteria: Title 19 O.S. § 178.2 states, "It shall be and is hereby made the duty of every county officer, board, commission, or department ... to conform in all respects and be amenable to all uniform resolutions adopted by their respective boards of county commissioners directing the taking, recording, maintaining and reporting inventories of properties in their respective custody in accordance with the provisions of this act." Effective internal controls over the safeguarding of assets include written policies and procedures and the adherence thereto.

Condition: During our review of Capital Assets, we found that several adjustments were made to FY06 ending balances (FY07 Beginning Balance). The adjustments to FY07 beginning balances were:

Land - \$1,135,000.00
Buildings – (\$803,052.26)
Infrastructure – \$850,263.00
Construction in Progress - \$264,824.40
Equipment – (\$904,302.00)

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We also found:

1. Highway Construction in Progress – 121st Street Project
Total cost per supporting documentation - \$1,827,491.16; total cost reported by the County Clerk - \$963,446.55; difference - \$864,044.61;
2. Highway Construction in Progress – 61st Street Project
Total cost per supporting documentation - \$4,815,805.76; total cost reported by the County Clerk - \$4,662,155.20; difference - \$153,650.56;
3. Highway Construction in Progress – Deletions from Highway Construction in Progress reported - \$4,366,133.00, reported as Additions to Highway Infrastructure as \$5,131,660.00; difference - \$765,527.00;
4. Parks Additions to Construction in Progress – Documentation provided by Parks is \$20,757.72 more than documentation provided by County Clerk;
5. Parks Additions to Construction in Progress – No supporting documentation provided for Haikey Trail Bridge - \$128,600.

Effect: Without written policy and procedures for reporting additions and deletions for land, buildings, infrastructure, or construction in progress, unrecorded inventory items, undetected errors, and/or misstatements of the office/division's assets could occur.

Recommendation: We recommend the County establish written policies and procedures for recording land, buildings, infrastructure, and construction in progress. In addition, all land, buildings, infrastructure, and construction in progress need to be compiled and tracked at central locations to prevent discrepancies in the reporting of capital assets.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Earlene Wilson, Tulsa County Clerk –

In September 2007, the County Clerk's office hired a Capital Asset Accountant/CPA to help us be more efficient and accurate in our reporting of Capital Assets/Projects. A Capital asset policy was implemented effective July 2007. In light of audit comments received and the experience that the Capital Asset Accountant gained from working with the various departments possessing capital assets, capital asset policies and procedures will be reviewed for possible changes or additions.

A capital asset module was purchased as part of the new accounting software, which is scheduled to be implemented during the fiscal year ending June 30, 2009. It is hoped that the capital asset module in conjunction with the other accounting modules will lead to other efficiencies and improvements in accounting and financial reporting of capital assets.

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Finding 2007-15 – Negative Leave

Criteria: Title 19 O.S. § 1301 states, “Each county may develop and maintain a formal plan for vacation and sick leave for all regular employees. Any leave plan adopted by a county shall not extend benefits to any employee in excess of leave benefits available to a regular state employee in the classified service.”

According to Tulsa County Policy File No., TCP 105 F.

3. On the employee’s anniversary month, the number of hours provided each year is placed in advance of entitlement in a descending balance account.
4. Vacation hours in the employee’s descending balance account normally may not be used until accrued.

Condition: During our test work, we noted sixty-six (66) Tulsa County employees with negative leave balances at the end of FY2007.

- A. Four (4) employees with negative leave balances in compensatory time were noted in Social Services/Shelter (Fund 15) for a total cost of \$160.88.
- B. One (1) employee with a negative leave balance in annual leave was noted in Administrative Services (Fund 10) for a total cost of \$6.49.
- C. One (1) employee with a negative leave balance in annual leave in compensatory time was noted in the Treasurer’s Office (Fund 29) for a total cost of \$19.90.
- D. One (1) employee with a negative leave balance was noted in Election Board (Fund 10) for a total cost of \$423.00. The employee was discharged 9/7/06.
- E. Three (3) employees with negative leave balances in compensatory time were noted in Highway Construction (Fund 20) for a total cost of \$298.00.
- F. Three (3) employees with negative leave balances in annual leave were noted in Highway District #2 (Fund 20) for a total cost of \$409.35.
- G. One (1) employee with a negative leave balance in annual leave was noted in Highway Construction (Fund 20) for a total cost of \$12.29.
- H. Nine (9) employees with negative leave balances in annual leave were noted in County Clerk (Fund 10) for a total cost of \$2,242.77.
- I. Twenty-nine (29) employees with negative leave balances in annual leave were noted in Court Clerk (Fund 10) for a total cost of \$11,053.89.
- J. Six (6) employees with negative leave balances in annual leave were noted in Juvenile (Fund 10) for a total cost of \$1,262.73.
- K. Two (2) employees with negative leave balances in compensatory time were noted in Juvenile (Fund 10) for a total cost of \$333.76.
- L. One (1) employee with a negative leave balance in annual leave was noted in Juvenile Detention (Fund 15) for a total cost of \$272.16.
- M. Three (3) employees with negative leave balances in compensatory time were noted in Sheriff (Fund 58) for a total cost of \$718.99.
- N. Two (2) employees with negative leave balances in annual leave were noted in Sheriff (Fund 58) for a total cost of \$286.72.

This results in a total negative leave balance of \$17,500.93.

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Effect: Employees with negative leave balances have received leave payments in advance of accrual. This policy is in conflict with leave benefits available to a regular state employee in the classified service.

Recommendation: We recommend the County Personnel Policy for leave be changed to be in accordance with personnel policies allowed by the State of Oklahoma.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

The Tulsa Board of County Commissioners is taking steps to cause compliance with each of the findings and recommendations that were written into the subject document and that were reviewed in person with you during our meeting on January 28, 2008.

Sally Howe Smith, Tulsa County Court Clerk –

I am in receipt of your audit, 15-FY2007 for Tulsa County. We schedule vacation time based upon the calendar year. In your audit, you based your findings on a fiscal year. In all actuality, vacation time should be based upon the employees' anniversary year.

Basing the vacation time on calendar year is generally done with employees who have completed eight years of service (and are entitled to three weeks vacation) and sixteen years of service (and are entitled to four weeks vacation). These groups of individuals generally plan to stay with Tulsa County to retirement.

I have never encountered a problem with negative leave balances in annual leave.

SA&I response: Twenty-nine employees of this office were allowed to use annual leave prior to accrual.

Earlene Wilson, Tulsa County Clerk –

As of January 1, 2008, the County Clerk's office will be complying with the Tulsa County Vacation Policy and will accrue vacation days monthly. Employees will not be allowed to take vacation time before it has been earned.

Dennis Semler, Tulsa County Treasurer –

The Tulsa County Treasurer has an existing policy providing that leave may not be used prior to accrual. This policy will henceforth be strictly enforced.

Dee Burch, Chief Deputy, Tulsa County Sheriff's Office –

The timekeeper for the Jail (Fund 58) checked the master time records of four of those employees which had a negative leave balance in compensatory time and vacation time and found by going back a year on these records that clerical errors in addition were found. These errors were corrected.

We believe that within the new software system the County is purchasing there will be an automated timekeeping module that will allow us to keep better updated and accurate records for each employee.

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SECTION 3 - Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2007-19 – Cash Management and Program Income (HOME) (Repeat Finding)

Criteria: A-102 Common Rule states program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income, which the grantee did not anticipate at the time of the award, shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.

Condition: Per examination of the HOME Returned Funds Ledger for the HOME Investment Partnership Program, it appears income is held from year to year and it is not disbursed prior to the request of additional cash payments.

Effect: The HOME grant is not in compliance with A-102 Common Rule.

Recommendation: We recommend all program income be disbursed before requests for additional cash payments are made.

Views of responsible officials and planned corrective actions:

Claudia Brierre, HOME Administrator, INCOG –

Attention to the disbursement of program income was given during the audited period, resulting in the disbursement of \$43,826.77. However, a modest balance remained in the account at the end of the audited period. Tulsa County will disburse all program income before requests for additional federal HOME cash payments are made.

Finding 2007-20 – Subrecipient Monitoring (HOME) (Repeat Finding)

Criteria: 24 CFR 92.504 states, “The participating jurisdiction is responsible for managing the day to day operations of its HOME program, ensuring that HOME funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise. The use of State recipients, subrecipients, or contractors does not relieve the participating jurisdiction of this responsibility. The performance of each contractor and subrecipient must be reviewed at least annually.”

Condition: Our examination of subrecipient monitoring requirements for the Home Investment Partnership (HOME) program disclosed the following:

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The Indian Nations Council of Government (INCOG) is the contractor administering Tulsa County's HOME Consortium grant. Tulsa County has three (3) active subrecipients of HOME grant funds that INCOG is required to review at least annually. The review schedule of each of the subrecipients is listed as follows:

Community Action Resource & Development	Last Review: April 12, 2006
Community Action Project	Last Review: December 15, 2006
Vintage Housing	Last Review: June 29, 2007

Both Community Action Project and Vintage Housing had reviews during FY07. Community Action Resource & Development has not had a monitoring site visit during FY07.

Effect: The failure to monitor the performance of subrecipients on a regular basis results in noncompliance with the program requirements for the HOME grant. Also, audit findings of the subrecipient could affect whether the pass-through entity passes the federal money to the subrecipient.

Recommendation: We recognize that INCOG does receive annual A-133 audits of each of the subrecipients in a timely manner and monitors any findings reported in these audit reports. We recommend that INCOG perform monitoring site visits on a yearly basis and if not, then reasonable and supportive documentation should be evident for site visits that are more than one (1) year old. In addition, if INCOG decides to rely on another entity's monitoring visit, then documentation of the outside entity's monitoring visit should be readily available, along with the procedures that the outside entity uses to monitor the sub-grantee. This documentation should be available in order to determine the outside entity's monitoring visit was sufficient to satisfy OMB Circular A-102 Common Rule compliance requirements. Program management should maintain written documentation of the on-site visit, of results submitted to the subrecipient for corrective action, and of follow up on noted deficiencies or concerns.

Views of responsible officials and planned corrective actions:

Claudia Brierre, HOME Administrator, INCOG –

The last monitoring of CARD took place in April 2006, just prior to the start of audited period. The agency was judged to have sufficient capacity to fulfill contract requirements and priority was given to monitoring two other subrecipients during the audited period. However, HOME requirements do state that subrecipients must be reviewed annually. The Consortium's Sub Grantee monitoring plan for the period 8/1/2007 to 7/30/2008 identifies that monitoring visits for all three subrecipients will occur during May and June 2008 in order to review the agencies during the next audit period. Annual on-site monitoring will be conducted in the future, regardless of agency capacity.

Finding 2007-21 – Subrecipient Monitoring (JAG)

Criteria: Compliance requirements in OMB Circular A-133 state that a pass-through entity is responsible for:

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- *Award Identification* - At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.

- *During-the-Award Monitoring* - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133, as revised) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 (the revised circular is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

- *Pass-Through Entity Impact* - Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Condition: Tulsa County has not monitored their subrecipient's use of Federal awards. Per the State Policy Advisor from the Bureau of Justice for the Justice Assistance Grant, the City of Tulsa is considered a subrecipient of the Justice Assistance Grant and should be monitored by Tulsa County.

Cause: Tulsa County was not aware that the City of Tulsa was a subrecipient.

Effect: By not monitoring the subrecipient's use of federal funds, Tulsa County as the pass-through entity has no assurance that the Justice Assistance Grant is being properly administered and that performance goals are being achieved.

Recommendation: We recommend Tulsa County begin monitoring the use of federal funds of all subrecipients, including the City of Tulsa, through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Views of responsible officials and planned corrective actions:

Dee Burch, Chief Deputy, Tulsa County Sheriff's Office –

We have identified the City of Tulsa as a subrecipient of the Justice Assistance Grant (JAG) as required. We have spoken with Todd Rolley, with the Chief Financial Office of OJP, and he is going to assist us with the process. Effective immediately, we will monitor the grant funds passed onto the City of Tulsa as required by Federal regulations and will give the City of Tulsa these funds on a reimbursement basis only. If there is any question as to the City of Tulsa being in compliance with the award, the Department of Justice in Washington D.C. will be notified by our office.

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Finding 2007-23 – Reporting, Allowable Costs/Cost Principles, Activities Allowed or Unallowed, Cash Management (JAG)

Criteria: Segregation of duties over federal funds is an important element of effective internal control over government assets and resources.

Condition: During our audit of the Justice Assistance Grant it was noted that the grant coordinator prepares all the primary accounting and disbursements of the federal award. It was further noted that Budget and Actual numbers as well as quarterly and annual reports are all prepared by the grant coordinator without any form of review.

Effect: Lack of segregation of duties could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities for only one individual is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of administrative functions of the grant and periodic review that those functions are being properly administered.

Views of responsible officials and planned corrective actions:

Dee Burch, Chief Deputy, Tulsa County Sheriff's Office –

As Chief Deputy of Tulsa County Sheriff's Office Services Division, I have planned to monitor our grants financial reports on a monthly basis. I currently monitor the grants from the ARMS system and personally do the monthly payrolls for the grants. I am aware of any problems and can identify misappropriation of assets in this manner. I will review the operations monthly to detect any errors or unrecorded transactions.

Finding 2007-24 – Reporting (Various)

Criteria:

OMB A-133, Subpart C, §__.300 and §__.310 reads as follows:

Subpart C—Auditees

§__.300 Auditee responsibilities.

The auditee shall:

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the

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provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § ____.310.

(e) Ensure that the audits required by this part are properly performed and submitted when due. When extensions to the report submission due date required by § ____.320(a) are granted by the cognizant or oversight agency for audit, promptly notify the Federal clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.

§ ____.310 Financial statements.

(a) *Financial statements.* The auditee shall prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements shall be for the same organizational unit and fiscal year that is chosen to meet the requirements of this part. However, organization-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with § ____.500(a) and prepare separate financial statements.

(b) *Schedule of expenditures of Federal awards.* The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the schedule.

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect

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during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

Condition: The Schedule of Expenditures of Federal Awards originally prepared by Tulsa County was understated by \$422,405.52.

Cause: There is no central office or designated employee charged with monitoring federal awards received and expended by Tulsa County on a continuous basis.

Effect: The effect of not having a centralized office charged with monitoring federal awards has several effects,

- 1.) Tulsa County would not have been in compliance with OMB Circular A-133, by providing an inaccurate Schedule of Federal Expenditures;
- 2.) Tulsa County is not maintaining effective internal control over the management of Federal awards under its propriety;
- 3.) Tulsa County could be penalized by the federal government and could lose federal funds if the funds are not adequately identified and reported.

Recommendation: We recommend Tulsa County consider having an employee monitor all federal grants that are either direct grants or pass-through grants under Tulsa County's jurisdiction. In addition, we recommend all federal grants received or applied for be approved by the Board of County Commissioners in open meetings. The County Clerk should have this recorded in the minutes of the Board of County Commissioners and all federal grant award documents should be maintained on file with the County Clerk, as the official record keeper of the County. Tulsa County should also have a policy for handling all federal grants under their responsibility within the County. These policies could incorporate by reference applicable federal regulations to be followed, as well as the appropriate policy for the application, receipt and expenditure of federal funds.

Views of responsible officials and planned corrective actions:

Fred R. Perry, Chairman of Tulsa BOCC –

Since the audit comment was received, Tulsa County has already taken several steps to improve its reporting of expenditures relating to federal funds received and expended during the fiscal year. Copies of approved federal grants that have passed through the Board of County Commissioners are now forwarded to the person in the County Clerk's office who is responsible for preparing the Schedule of Federal Awards. A worksheet will be prepared by the County Clerk's office to help track the initial receipt of the federal funds and the yearly expenditures of those funds. The County Clerk's office in addition to collecting and assembling the data received from the various entities receiving federal grants will also test the data for accuracy and completeness. Over a longer time frame, the utilization of the grant accounting module in the new accounting software should improve the tracking and reporting of federal grant receipts and expenditures.

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Finding 2006-02 – Subrecipient Monitoring

Federal Program: Home Investment Partnerships Program (HOME) CFDA #14.239

Funding Agency: U.S. Department of Housing and Urban Development

Condition: The Indian Nations Council of Government (INCOG) has four (4) subrecipients of HOME grant funds. INCOG is required to review the subrecipients at least annually. INCOG did not have any documentation that a site visit had been performed on a subrecipient.

Corrective Action Plan: Not corrected. See repeat finding 2007-20.

Finding 2006-03 – Cash Management and Program Income

Federal Program: Home Investment Partnerships Program (HOME) CFDA #14.239

Funding Agency: U.S. Department of Housing and Urban Development

Condition: Program income is held from year to year and is not disbursed prior to the request of additional cash payments.

Corrective Action Plan: Not corrected. See repeat finding 2007-19.