

# TULSA COUNTY, OKLAHOMA REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

For the fiscal year ended June 30, 2018



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**TULSA COUNTY, OKLAHOMA**  
**INDEPENDENT AUDITOR'S 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 YEAR ENDED JUNE 30, 2018**

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

December 31, 2018

TO THE CITIZENS OF  
TULSA COUNTY, OKLAHOMA

Transmitted herewith is the Independent Auditor's 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* of Tulsa County, Oklahoma for the fiscal year ended June 30, 2018. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR



# Oklahoma State Auditor & Inspector

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## **Independent Auditor's 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, in accordance with the 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, 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, 2018, and the related notes to the financial statements, which collectively comprises Tulsa County's basic financial statements, and have issued our report thereon dated December 31, 2018. Our report includes a reference to other auditors who audited the financial statements of the Tulsa County Industrial Authority, the Tulsa County Criminal Justice Authority, the Tulsa County Home Finance Authority, the Tulsa County Employees' Retirement System, the Tulsa County Public Facilities Authority, the Tulsa County Juvenile Justice Trust Authority, and the Tulsa City/County Health Department, 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 of the financial statements, we considered Tulsa County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tulsa County's internal control. Accordingly, we do not express an opinion on the effectiveness of Tulsa County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weakness: 2018-001.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be a significant deficiency: 2018-008.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tulsa County's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2018-001.

We noted certain matters regarding statutory compliance that we reported to the management of Tulsa County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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

Tulsa County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Tulsa County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 31, 2018

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

**SECTION 1 - Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

**Condition:** Per testwork performed, the following was noted:

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

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

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

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

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

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

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

<b>Fund</b>	<b>Responsible Office</b>	<b>Purpose</b>	<b>Purchase Order Number</b>	<b>Expenditure Amount</b>
Court Clerk Revolving Fund	Fiscal Office/BOCC	Court Coordinator Services	1814895	\$7,149.78
County Contribution Fund	County Sheriff	Water Utilities for David L Moss	1802709	\$34,613.46
Special Projects Fund	Fiscal Office/BOCC	Grant – City of Sand Springs - 10th Street Sidewalk Project	1808675	\$26,142.82
Specialty Courts Fund	Fiscal Office/BOCC	Administration Reimbursement. of Mental Health Court	1812035	\$27,358.96
Special Projects Fund	Fiscal Office/BOCC	Grant - Pioneer Village Rehabilitation Final	1804928	\$45,873.14
Special Projects Fund	County Sheriff	FY17/18 E-911 Call Services	1808890	\$46,633.25
Specialty Courts Fund	Fiscal Office/BOCC	Administration Reimbursement. of Mental Health Court	1812986	\$38,912.46
Commissary Fund	County Sheriff	Phone Bill for February 2018	1817108	\$50,788.34
County Contribution Fund	County Sheriff	Medical Administration Services	1802917	\$71,088.22
County Contribution Fund	County Sheriff	Medical Administration Services	1802917	\$80,000.00

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

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

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

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

**Management Response:**

**Chairman of the Board of County Commissioners:** Training efforts began early this year to emphasize the need to follow state purchasing guidelines. I actually refused to approve any request for payment that did not follow proper protocol. We will continue to emphasize, on a county-wide basis, the necessity of adhering to state purchasing procedures to ensure encumbrances are made before goods or services are

**TULSA COUNTY, OKLAHOMA  
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ordered. While I believe we did make some significant progress in this area, the audit is clear that we still have work to do.

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

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

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

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

**Auditor Response:** Encumbrances should always be made prior to the ordering or purchasing of goods or services to ensure adequate funds are available to pay for such goods or services and to prevent unconstitutional debt to the County.

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

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

Title 62 O.S. § 310.4 states in part, "All unencumbered balances, if any, [...] on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next. [...] Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year."

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

**TULSA COUNTY, OKLAHOMA  
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in accordance with procedures prescribed by the State Auditor and Inspector and shall be administered in accordance with rules and regulations concerning such distribution adopted by the federal government and the state agency, board, or commission. Any expenditure incurred by the recipient government using the letter of commitment appropriation process and disallowed by the federal government or state agency, board, or commission administering the funds shall be paid by the recipient government.

**Finding 2018-008 – Inadequate Internal Controls Over Business Continuity Plan**

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

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

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

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

**Management Response:**

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

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

**TULSA COUNTY, OKLAHOMA  
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**SECTION 2 - This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2018-005 – Segregation of Duties - District Court Divisions (Repeat Finding)**

**Condition:** It was noted that asset custody, transaction authority, bookkeeping, and reconciliations were not properly segregated to ensure adequate internal control structure in each District Court Division and within the Court Fund.

Within the Criminal, Probate, Family/License, Juvenile and Small Claims Divisions of the Court Clerk's office, one employee with each division often posts payments, writes receipts, verifies receipt of payment, balances the cash drawer, prepares the deposit ticket, takes the deposit to the treasurer, and reconciles the account balance to the County Treasurer with no indication of a review by a second person. Additionally, the supervisors can delete multiple docket entries, delete entries created on previous dates, disburse funds by case, and delete cases within the Oklahoma County Information System (OCIS).

**Cause of Condition:** Policies and procedures have not been designed and implemented to properly segregate deposit functions and reconciling functions in a manner to reduce risk.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends the following key accounting functions within the divisions of the Court Clerk's office be adequately segregated:

- Issuing receipts
- Preparing/reviewing deposits
- Administrative rights for voiding and deleting
- Management override of OCIS system

In addition, OSAI recommends establishing a system of internal controls to adequately protect the collections of the Court Clerk's office, which include but are not limited to the following:

- Review processes to ensure accuracy
- A daily log of all mailed receipts should be compiled in a manner as to reduce risk

**Management Response:**

**Court Clerk:** Currently, we have implemented procedures over receipting, balancing, and depositing to remedy all the concerns noted above.

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All divisions within the Court Clerk's office accept cash, checks, money orders, and credit cards as forms of payment on a daily basis. Before a receipt is issued, payment verification occurs in front of the customer as follows:

- Cash - The Clerk counts the bills and/or coins in front of the customer.
- Check - The Clerk checks the amount written on the check and then initials the top corner of the check. The initials showcase the cashier's acceptance of the check's amount as accurate for the transaction
- Money Order - The Clerk checks the amount written on the money order and then initials the top corner of the money order. The initials showcase the cashier's acceptance of the money order's amount as accurate for the transaction.
- Credit Cards - Due to the instantaneous nature of credit cards, verification must be done after a receipt has been created. However, before the customer leaves the counter, the Clerk asks the customer to verify the amount on the receipt. If the receipt is incorrect, a simple void can be made.

**Balancing and Depositing:**

By 3:00 pm (two hours before daily receipting ceases), the receipting clerks do a soft balance. The soft balance entails a divisional clerk verifying the accuracy of each cashier's transactions up until that point. Then, a clerk from the accounting division visits each division to review the soft balance. This review is done by balancing the receipts with the 1730s (Cashier's Daily Balance and Reconciliation Report by Cashier) and the 1731 (Summary of Cashier's Deposits). Then, when receipting is done for the day (5:00 pm), a clerk in each division will balance the remainder of the receipts in preparation for tomorrow morning's deposit.

The next day, at 9:15 am, a clerk with receipting power from each division brings their deposit packet (cash, coins, money orders, checks, and/or signed credit card receipts) to a member of the accounting division. Then, with the use of 1730s (Cashier's Daily Balance and Reconciliation Report by Cashier), the 1731 (Summary of Cashier's Deposits), the 1726 (Depository Ticket), and the 1728 (Receipts Journal Report Sorted by Receipt Number or Case Type) the accounting clerk will verify each division's depository activity. Once this procedure has been carried out it is the accounting clerk's responsibility to bring a completed deposit to the Treasurer's Office before 10:30 am. Once in the Treasurer's Office, a trained Treasurer cashier verifies a deposit slip that includes all depository activity that occurred in the Court Clerk's Office the day before.

**Criteria:** Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of errors and possible misappropriation of funds.

**Finding 2018-006 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account, Sheriff Commissary, and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry, observation of procedures and records, and testwork, we noted the following weakness regarding the Inmate Trust Fund Checking Account, Sheriff run commissary, and the Sheriff Commissary Fund:

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**Inmate Trust Fund Checking Account:**

- There are two Inmate Trust Fund Checking Accounts. All information presented on the bank reconciliations for the Tulsa County Inmate Trust Fund Bank Accounts cannot be substantiated. Some amounts utilized as reconciling items may contain unidentified amounts and errors.
- Deposits are not made from the Inmate Trust Fund Checking Account to Sheriff Commissary fund in a timely manner. Tuesday's collections are deposited a full six 6 days later, and Friday's collections are deposited a full three days later.
- Expenditures are made from the Inmate Trust Fund Checking Account for purposes other than statutorily allowed. Fifty-one (51) checks were issued to two individuals, twenty-seven (27) were issued to the Tulsa County Court Clerk, five (5) checks were issued to the City of Tulsa, two (2) checks were issued to bail bond companies, and one (1) check was issued to a commissary vendor.

**Sheriff Commissary:**

- There is a lack of segregation of duties over Sheriff's commissary inventory in that one employee has log in rights to the inventory system and is responsible for ordering or purchasing goods for the commissary, maintaining and updating inventory records, maintaining inventory items on hand, determines damaged items and updates inventory records or contacts vendors regarding damaged goods, and performs physical inventory counts.
- Access to the commissary warehouse is not limited or monitored.
- Damaged commissary goods reports do not agree to adjustments noted on inventory records.
- No proof of review of physical inventory performed on commissary items.

**Sheriff Commissary Fund:**

- The County Sheriff's office does not file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15th, of each year.

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account, the Sheriff run commissary, and the Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes, laws, and regulations. In addition, these conditions could result in unauthorized transactions, misappropriation of assets, misappropriation of inmate funds, and the inability to deter or detect fraud within the Inmate Trust Fund Checking Account.

**Recommendation:** OSAI recommends that management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

OSAI further recommends the County Sheriff should design and implement policies and procedures to ensure:

**TULSA COUNTY, OKLAHOMA  
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- Financial records provide accurate information so that the Inmate Trust Fund Checking Account bank reconciliations can be relied on and substantiated.
- Fraud is deterred and detected.
- Commissary collections are transferred to the Commissary fund in a timely manner.
- Expenditures made from the Inmate Trust Fund Checking Account are made in accordance with 19 O.S. § 531 (A).
- Access to commissary inventories is limited, commissary records are reconciled to actual inventories on hand, and inventory counts are reviewed and approved by someone other than the preparer.
- The County Sheriff files a report of the commissary with the County Commissioners by January 15th, of each year in accordance with 19 O.S. § 180.43 (D).

**Management Response:**

**County Sheriff:** After a meeting held on November 27, 2018, which was attended by OSAI audit management staff, Tulsa County District Attorney staff, and Tulsa County Sheriff administration/financial, it was mutually decided that the old bank accounts would remain open and only reflect a balance equal to the outstanding checks written on said accounts. The remaining balances of said accounts would be withdrawn and deposited into the County Contribution Fund for operating purposes of the David L. Moss Correctional Facility.

Additionally, deposits from the Inmate Trust Fund Checking Account will be made on a daily basis and expenditures made from the Inmate Trust Fund Account will only be written out to the inmate upon release or to Commissary Account.

Access to the commissary warehouse is monitored and recorded by security cameras 24-7 and inventory control procedures will be reviewed and corrective measures taken to better ensure the integrity of the segregation issues noted. Any inventory discrepancies noted were a result of a new inventory and inmate accounting system being deployed. Inventory counts entered into the new system did not reflect the changes related to the case size and pallet capacity. Monthly inventory reconciliations are performed and documentation of said events is available for inspection at any time. The County Sheriff's commissary operation continues to establish and formulate policies and procedures related to this relatively new venture, which has been operational for less than fifteen months.

In regard to the annual report for the County Sheriff's Commissary Fund, the preparation of the report and the presentation of the report to the BOCC has been noted as a scheduled event on our calendar and will be accomplished according to statutory guidelines.

**Criteria:** Component objectives of effective internal control systems are to deter and detect fraud and to provide accurate and reliable information. Internal controls are designed to safeguard assets and to analyze and check accuracy, completeness, and authorization of transactions. Failure to perform tasks that are part of internal controls, such as segregating duties or implementing compensating reviews, performing bank reconciliations accurately and timely, and maintaining records in a manner to ensure compliance with state statutes and/or to minimize the risk of misappropriation, are deficiencies in internal control.

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Title 19 O.S. § 531(A) states in part, "...the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account[...]. 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."

Title 19 O.S. § 180.43 (D) states in part, "...Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The Sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year..."



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