

COUNTY AUDIT

# TULSA COUNTY SINGLE AUDIT

For the fiscal year ended June 30, 2017



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

**SINGLE AUDIT REPORT  
TULSA COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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

March 30, 2018

TO THE CITIZENS OF  
TULSA COUNTY, OKLAHOMA

Transmitted herewith is the Single Audit Report of Tulsa County, Oklahoma for the fiscal year ended June 30, 2017. Our audit report on the financial statements and the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* were issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

Sincerely,

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

**TULSA COUNTY, OKLAHOMA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**TABLE OF CONTENTS**

Schedule of Expenditures of Federal Awards.....	1
Notes to the Schedule of Expenditures of Federal Awards.....	3
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	4
Schedule of Findings and Questioned Costs.....	7
Appendix A: Corrective Action Plan (Prepared by County Management).....	9
Appendix B: Summary Schedule of Prior Audit Findings (Prepared by County Management) .....	11

**Schedule of Expenditures of Federal Awards**

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Food and Nutrition Service				
Passed Through the Oklahoma Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A		\$ 34,617
National School Lunch Program	10.555	N/A		63,312
Total U.S. Department of Agriculture Cluster Programs				<u>97,929</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Office of Community Planning and Development				
Direct Grant:				
Community Development Block Grants/Entitlement Grants	14.218	B-10-UC-40-0001	32,343	32,343
Community Development Block Grants/Entitlement Grants	14.218	B-12-UC-40-0001	54,853	54,853
Community Development Block Grants/Entitlement Grants	14.218	B-13-UC-40-0001	86,408	86,408
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-40-0001	108,472	108,472
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-40-0001	219,346	219,346
Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-40-0001	297,138	356,856
Total CFDA 14.218			<u>798,560</u>	<u>858,278</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	1,209,954	1,209,954
Total U.S. Department of Housing and Urban Development			<u>2,008,514</u>	<u>2,068,232</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>				
Office of the Secretary				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		<u>7,861</u>
Total U.S. Department of Interior				<u>7,861</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Violence Against Women Office				
Direct Grant:				
Violence Against Women Act Court Training and Improvement Grants	16.013	2013-FL-AX-0019		5,234
Bureau of Justice Assistance				
Direct Grant:				
State Criminal Alien Assistance Program (SCAAP)	16.606	2015-FL-AX-BK		23,949
State Criminal Alien Assistance Program (SCAAP)	16.606	2017-FL-AX-BK		67,029
Total CFDA 16.606				<u>90,978</u>
Passed Through Oklahoma Attorney General				
Justice Reinvestment Initiative	16.827	N/A		<u>80,508</u>
Total U.S. Department of Justice				<u>176,720</u>

Continued on next page

The accompanying notes are an integral part of this schedule.

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
National Highway Traffic Safety Administration (NHTSA)				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	164AL-16-03-09-08		31,670
State and Community Highway Safety	20.600	164AL-17-03-10-09		76,387
Total U.S. Department of Transportation				108,057
<b>U.S. DEPARTMENT OF ENERGY</b>				
Passed Through the Oklahoma Department of Commerce:				
ARRA-Energy Efficiency & Conservation Block Grant Program (EECBG)	81.128	N/A		212,580
Total U.S. Department of Energy				212,580
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed Through the Oklahoma Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG-14		39,500
Emergency Management Performance Grants	97.042	EMPG-15		39,500
Emergency Management Performance Grants	97.042	EMPG-14		6,310
Emergency Management Performance Grants	97.042	EMPG-16		1,664
Total CFDA 97.042				86,974
State Homeland Security Program (SHSP)	97.073	780.011		1,980
Total U.S. Department of Homeland Security				88,954
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,008,514</b>	<b>\$ 2,760,333</b>

The accompanying notes are an integral part of this schedule.

**TULSA COUNTY, OKLAHOMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

**2. Outstanding Loans**

As of June 30, 2017, CFDA #81.128 – ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) had an outstanding loan balance of \$923,263 on an October 2014 note with the Indian Nations Council of Governments (INCOG) to update the HVAC system in the courthouse and an outstanding loan balance of \$26,258 on a May 2016 note with INCOG for the purpose of purchasing and replacing certain equipment at O'Brien Recreation Center. The total outstanding loan balances as of June 30, 2017 were \$949,521.

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



# Oklahoma State Auditor & Inspector

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

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

TO THE OFFICERS OF  
TULSA COUNTY, OKLAHOMA

### **Report on Compliance for Each Major Program**

We have audited Tulsa County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tulsa County's major federal programs for the year ended June 30, 2017. Tulsa County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, Tulsa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tulsa County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Tulsa County's basic financial statements. We issued our report thereon dated January 30, 2018, which contained unmodified opinions on those financial statements. Our report was modified to include a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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.

A handwritten signature in blue ink, reading "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

March 28, 2018 except as to the Schedule of Expenditures  
of Federal Awards, for which the date is January 30, 2018

## **Schedule of Findings and Questioned Costs**

**TULSA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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? ..... None reported

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

For fiscal year ended 2017, the Comprehensive Annual Financial Report (CAFR) for Tulsa County for the year ended June 30, 2017, was issued under separate cover dated January 30, 2018.

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program

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

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

**TULSA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**SECTION 2 – Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

No matters were reported.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**

MICHAEL WILLIS

Tulsa County Clerk

Tulsa County Administration Building

500 S. Denver, Room 121

Tulsa, Oklahoma 74103-3832

918.596.5851

mwillis@tulsacounty.org

**Corrective Action Plan**  
**in accordance with 2 CFR § 200.511c**  
**for the fiscal year ended June 30, 2017**

[illegible]

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**



**MICHAEL WILLIS**  
**Tulsa County Clerk**

Tulsa County Administration Building  
500 S. Denver, Room 121  
Tulsa, Oklahoma 74103-3832  
918.596.5851  
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**Summary Schedule of Prior Audit Findings  
in accordance with 2 CFR § 200.511c  
for the fiscal year ended June 30, 2016**

**FINANCIAL AUDIT FINDINGS**

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

**Initial Year of Finding:** 2016

**Repeat Finding in Years:** N/A

**Finding Summary:**

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

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

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

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

**Status:** January 20, 2017 the County instilled new procedures for interfund transfers. Each amended budget interfund transfer is approved by the Budget Board before the transfer is executed. The Budget

office places a hold on each transfer until the Budget Board approves each transfer and then the budget office takes the hold off the transfers.

**Anticipated Completion Date:** January 20,2017

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

**Initial Year of Finding:** 2016

**Repeat Finding in Years:** N/A

**Finding Summary:**

Per test work performed, the following was noted:

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

**Status:** The chairman of the BOCC informed the BOCC Division Directors in Tulsa County and the elected officials of the finding and the importance of encumbering PO's before goods and services were ordered.

**Anticipated Completion Date:** December 1, 2017

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

**Initial Year of Finding:** 2015

**Repeat Finding in Years:** 2016

**Finding Summary:**

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

**Status:** Partial corrective action was taken. The portion of the finding relating to donations has been corrected. The portion of the finding related to expenditures of the Sheriff's office has not been corrected.

**Anticipated Completion Date:** December 1, 2017

#### FEDERAL AUDIT FINDINGS

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

**Initial Year of Finding:** 2015

**Repeat Finding in Years:** 2016

**Pass-Through Grantor:** Tulsa County

**Federal Agency:** U S Department of Housing & Urban Development

**CFDA No:** 14.218

**Federal Program Name:** Community Development Block Grants/Entitlement Grants

**Federal Award Year:** 2016

**Control Category:** Subrecipient Monitoring

**Questioned Costs:** \$1,007,896

#### **Finding Summary:**

On September 13, 2016 HUD approved the Indian Nations Council of Governments', (INCOG) monitoring plan for Tulsa County Subrecipients entitled the "Tulsa County CPD Programs Monitoring Policies and Procedures" (Monitoring Plan). The Monitoring Plan stated "One Hundred percent (100%) of Sub Grantees and Sub Recipients with funds expended during a program year (July 1 to June 30) will be monitored with formal on-site visits by INCOG, the agency contracted for administration."

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

**Status:** INCOG will adhere to their Monitoring Plan by providing timely, formal on-site monitoring visits to each Tulsa County's Subrecipients.

**Anticipated Completion Date:** June 30, 2017

### **Finding 2015-02 - Home Investment Partnerships Program Subrecipient Monitoring**

**Initial Year of Finding:** 2015

**Repeat Finding in Years:** 2016

**Pass-Through Grantor:** Tulsa County

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

**CFDA NO:** 14.239

**FEDERAL PROGRAM NAME:** Home Investment Partnerships Program

**FEDERAL AWARD YEAR:** 2015

**CONTROL CATEGORY:** Eligibility, Earmarking, and Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Finding Summary:**

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

**Status:** INCOG will adhere to their Monitoring Plan by providing timely, formal on-site monitoring visits to each Tulsa County's Subrecipients.

**Anticipated Completion Date:** June 30, 2017



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