

COUNTY AUDIT

TULSA COUNTY SINGLE AUDIT

For the fiscal year ended June 30, 2016



*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

**SINGLE AUDIT REPORT
TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Oklahoma State Auditor & Inspector

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March 30, 2017

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, 2016. 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, 2016**

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Schedule of Expenditures of Federal Awards

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Office of Food and Nutrition Service				
Passed Through the Oklahoma Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A		\$ 34,473
National School Lunch Program	10.555	N/A		<u>61,015</u>
Total U.S. Department of Agriculture Cluster Programs				<u>95,488</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Office of Community Planning and Development				
Direct Grant:				
Community Development Block Grants/Entitlement Grants	14.218	B-12-UC-40-0001	4,078	4,078
Community Development Block Grants/Entitlement Grants	14.218	B-13-UC-40-0001	32,554	32,554
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-40-0001	537,873	537,873
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-40-0001	<u>475,387</u>	<u>539,843</u>
Total CFDA 14.218			<u>1,049,892</u>	<u>1,114,348</u>
Direct Grant:				
Home Investment Partnerships Program	14.239	N/A	289,172	289,172
Total U.S. Department of Housing and Urban Development			<u>1,339,064</u>	<u>1,403,520</u>
U.S. DEPARTMENT OF INTERIOR				
Office of the Secretary				
Direct Grant:				
Payments in Lieu of Taxes	15.226	N/A		<u>7,691</u>
Total U.S. Department of Interior				<u>7,691</u>
U.S. DEPARTMENT OF JUSTICE				
Violence Against Women Office				
Direct Grant:				
Violence Against Women Act Court Training and Improvement Grants	16.013	2013-FL-AX-0019		100,457
Bureau of Justice Assistance				
Direct Grant:				
State Criminal Alien Assistance Program	16.606	2015-AP-BX		60,875
Bureau of Justice Assistance				
Passed Through City of Tulsa (Tulsa Police Department):				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012 JAG		<u>483</u>
Total U.S. Department of Justice				<u>161,815</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
Continued from previous page				
U.S. DEPARTMENT OF TRANSPORTATION				
Department of National Highway Traffic Safety Administration				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	164AL-15-03-09-08		30,502
State and Community Highway Safety	20.600	164AL-16-03-10-09		74,330
Department of Health & Human Service				
Substance Abuse & Mental Health Services Administration				
Passed Through Oklahoma Highway Safety Office/ Oklahoma Department of Mental Health				
National Priority Safety Programs	20.616	OHSO-FFY2015		21,644
Total U.S. Department of Transportation				<u>126,476</u>
U.S. DEPARTMENT OF ENERGY				
Passed Through the Oklahoma Department of Commerce:				
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A		652,166
Total U.S. Department of Energy				<u>652,166</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the Oklahoma Department of Emergency Management:				
Emergency Management Performance Grants (EPMG)	97.042	EMPG-12		37,000
Emergency Management Performance Grants (EPMG)	97.042	EMPG-15		39,500
Emergency Management Performance Grants (EPMG)	97.042	EMPG-15 Extra		2,690
Emergency Management Performance Grants (EPMG)	97.042	EMPG-16		39,500
Total CFDA 97.042				<u>118,690</u>
Hazard Mitigation Planning Grant (HMGP)	97.039	EMPG-16		53,456
Total U.S. Department of Homeland Security				<u>172,146</u>
Total Expenditures of Federal Awards			<u>\$ 1,339,064</u>	<u>\$ 2,619,302</u>

The accompanying notes are an integral part of this schedule.

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

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, 2016 CFDA #81.128 – ARRA-Energy Efficiency and Conservation Block Grant Program had an outstanding loan balance of \$989,459.

**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 the compliance of Tulsa County, Oklahoma, with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Tulsa County's major federal program for the year ended June 30, 2016. Tulsa County's major federal program is 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 the requirements of 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 Tulsa County's major federal program 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.

Basis for Qualified Opinion Community Development Block Grants/Entitlement Grants

As described in item 2016-01, in the accompanying schedule of findings and questioned costs, Tulsa County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Community Development Block Grants/Entitlement Grants (CFDA #14.218). Compliance with such requirements is necessary, in our opinion, for Tulsa County to comply with the requirements applicable to the program.

Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 its Community Development Block Grants/Entitlement Grants (CFDA #14.218) for the year ended June 30, 2016.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-01 to be a material weakness.

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

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

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 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, 2016, and have issued our report thereon dated December 30, 2016 which contained an unmodified opinion 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 Tulsa County's 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 taken as a whole.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. 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 that reads "Gary A. Jones". The signature is written in a cursive, flowing style.

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

March 29, 2017 except as to the Schedule of Expenditures
of Federal Awards, for which the date is December 30, 2016

Schedule of Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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? Yes

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

For fiscal year ended 2016, the Comprehensive Annual Financial Report (CAFR) for Tulsa County for the year ended June 30, 2016, was issued under separate cover dated December 30, 2016.

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? Yes

Identification of Major Program

CFDA Number(s)
14.218

Name of Federal Program or Cluster
Community Development Block
Grants/Entitlement Grants

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, 2016**

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

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

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

CFDA NO: 14.218

FEDERAL PROGRAM NAME: Community Development Block Grants/Entitlement Grants

FEDERAL AWARD NUMBER: B-12-UC-40-0001, B-13-UC-40-0001, B-14-UC-40-0001, B-15-40-0001

FEDERAL AWARD YEAR: 2016

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$1,007,896

Condition: 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.

Cause of Condition: INCOG has not performed timely, formal, on-site monitoring visits in accordance with their Monitoring Plan.

Effect of Condition: The Community Development Block Grant (CDBG) program funds could be expended for unallowable costs and violations of Federal equipment management requirements may go undetected.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends INCOG adhere to their Monitoring Plan by providing timely, formal on-site monitoring visits to each of Tulsa County's Subrecipients. In the event INCOG determines 100% monitoring visits to be an undue burden, HUD's own risk-based selection process used for monitoring may be helpful in establishing less burdensome policies and procedures.

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

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

INCOG continues to assert that 100% on-site monitoring visits is an undue and unnecessary burden on administrative staff, and that OMB Circular A-133 Part 3 compliance requirements of reporting, site visits and regular contact are fully complied with in various forms over the course of the audit period. Review of financial documents, site visits to inspect and observe operations and regular contact with subrecipients have been well documented to SA&I staff. Refusal by SA&I staff to acknowledge these compliance efforts led to the development last year of the overstated, duplicative 100% on-site monitoring policy. INCOG did not fully comply with that policy during the audit period.

Auditor Response: During the audit, INCOG provided evidence for wage rate inspections and financial records of the Subrecipients. However, when INCOG was asked to provide evidence for monitoring site visits they could only substantiate 4% of the total program had received a formal, on-site monitoring visit.

The Oklahoma State Auditor and Inspector's Office does not require that INCOG provide formal, on-site monitoring visits to all Subrecipients of Tulsa County. However, INCOG should adhere to their Monitoring Plan, which represented to the U.S. Department of Housing and Urban Development, Tulsa County, and the Oklahoma State Auditor and Inspector's Office that they would do so. Alternatively, Tulsa County could approve a revised Monitoring Plan that utilizes a risk-based approach for monitoring Subrecipients. Such an approach would need to be formal, documented, and select Subrecipients for monitoring based on relevant risk-based criteria.

Criteria: OMB Circular A-133 Part 3 – Compliance Requirements for audits performed under A-133 states, in relevant part:

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

OMB Circular A-133 Part 3 – Compliance Requirements for audits performed under the Uniform Guidance states, in relevant part:

Monitor – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.331(d) through (f)). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:

1. Reviewing financial and programmatic (performance and special reports) required by the PTE.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means.
3. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the PTE as required by 2 CFR section 200.521.

INCOG's Tulsa County CPD Programs Monitoring Policies and Procedures states, in relevant part:

General Monitoring Policy:

One Hundred percent (100%) of Subgrantees and Subrecipients 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.

- Projects with final disbursement of funds during the program year (regardless of fiscal year of funding) will be monitored on-site within 30 days of final draw;
- Projects with partial draws during the program year (regardless of fiscal year of funding) will be monitored within 30 days of the end of the program year.

Schedule of Prior Year Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2015-01 - Inadequate Internal Controls Over the Payroll Process

Finding Summary: During the examination of internal controls over processing of payroll multiple weaknesses were noted.

Status: Corrective action was taken.

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

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.

Finding 2015-08 - Inadequate Internal Controls Regarding Software Access Privileges

Finding Summary: Tulsa County employees have excessive access privileges to computer software.

Status: Corrective action was taken.

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 2013-3 - Lack of Segregation of Duties - District Court Divisions

Finding Summary: 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.

Status: No corrective action was taken. The Court Clerk's office responded with two plans: 1. use of a daily log, having a third person (someone who has not worked out of the cash drawer) sign off/verify the

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

details of the deposit and balance of receipts. 2. Suggested personnel to sign off would be to utilize the accounting department if no one in the department qualifies. The Court Clerk's office did not accomplish these plans.

Finding 2013-04 - Inadequate Internal Controls Over Court Clerk District Court Fund

Finding Summary: The Court Clerk's ending balance, per the Court Clerk's supporting reports and records, was more than the ending balance on the Treasurer's general ledger.

Status: No corrective action was taken. The Court Clerk's office continued to try to balance with the Case Balance Summary, but did not accomplish this task.

Finding 2009-5 - Inmate Trust Fund Reconciliation

Finding Summary: Bank reconciliations for the Tulsa County Inmate Trust Fund are not accurately prepared.

Status: Partial corrective action was taken. The Tulsa County Sheriff's Office performed monthly inmate trust reconciliations, but reconciliations appear to be inaccurate.

Finding 2009-6 - Inmate Trust

Finding Summary: Multiple control weaknesses were noted with the Inmate Trust.

Status: No corrective action was taken. No response.

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

Finding 2015-01 - Community Development Block Grants/Entitlement Grants Subrecipient Monitoring

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

CFDA NO: 14.218

FEDERAL PROGRAM NAME: Community Development Block Grants/Entitlement Grants

FEDERAL AWARD NUMBER: B-09-UC-40-0001, B-10-UC-40-0001, B-11-UC-40-0001, B-12-UC-40-0001, B-13-UC-40-0001, B-14-UC-40-0001

FEDERAL AWARD YEAR: 2015

CONTROL CATEGORY: Subrecipient Monitoring

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

QUESTIONED COSTS: \$0

Finding Summary: Monitoring visits were performed for approximately one-third of the total expenditures for the program for the fiscal year ended June 30, 2015.

Status: No corrective action was taken. The grant administrator agreed to perform monitoring visits for all Subrecipients. They did not perform monitoring visits for all Subrecipients.

Finding 2015-02 - Home Investment Partnerships Program Subrecipient Monitoring

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

CFDA NO: 14.239

FEDERAL PROGRAM NAME: Home Investment Partnerships Program

FEDERAL AWARD NUMBER: M-09-DC-40-0205, M-10-DC-40-0205, M-11-DC-40-0205, M-12-DC-40-0205, M-13-DC-40-0205, M-14-DC-40-0205

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: No corrective action was taken. The grant administrator agreed to perform monitoring visits for all Subrecipients. They did not perform monitoring visits for all Subrecipients.

Finding 2013-01 - Internal Controls and Noncompliance

Pass-Through Grantor: City of Tulsa, Oklahoma District Attorneys Council

Federal Agency: U.S. Department of Justice

CFDA No: 16.738

Federal Program Name: Edward Byrne Memorial Justice Assistance Grant Program

Federal Award Number: J09-10-026, CO-SO-037, CJ-024, 2009a-002, 2012 JAG (1)

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles

Questioned Costs: \$61,058.10

Finding Summary: Multiple *Allowable Costs/Cost Principles* exceptions regarding purchase orders reviewed. Exceptions included a lack of adequate supporting documentation. This resulted \$61,058.10 in questioned costs.

Status: Corrective action was taken.

Corrective Action Plan

**TULSA COUNTY, OKLAHOMA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016-1 - Inadequate Internal Controls Over Operational Transfers and Noncompliance with State Statutes

Finding Summary: The County's budget was not properly amended, adopted, or filed.

Contact Person(s): The Board of County Commissioners, Tom Gerard and Michael Willis.

Corrective Action Planned: With regard to the condition identified by the auditors as "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" it is the opinion of the Tulsa County District Attorney, statutory legal counsel to the Tulsa County Budget Board, that when the budget board approves an interfund transfer in a meeting convened in accordance with the Oklahoma Open Meeting Act, that approval constitutes a budget amendment duly adopted by the budget board in accordance with Oklahoma Statutes, Title 19, Section 1420. Those duly adopted budget amendments are filed in the office of the county clerk. Going forward the budget amendments will also be filed with the excise board and the State Auditor and Inspector.

Auditor Response: OSAI does not agree with the opinion of the Tulsa County District Attorney, that the budget is amended upon the Budget Board approving interfund transfers.

According to Title 19 O.S. § 1404, a budget is "a plan of financial operations for a fiscal year, including an estimate of proposed expenditures for given purposes and the proposed means for financing them." Additionally, Title 19 O.S. § 1410 requires that a budget shall contain at minimum "actual revenues and expenditures for the immediate prior fiscal year; estimated actual revenues and expenditures for the current fiscal year; and estimated revenues and proposed expenditures for the budget year. Therefore, any amendment to a budget would too require, at a minimum, adjustments to the estimated actual revenues and expenditures for the current fiscal year and estimated revenues and proposed expenditures for the budget year.

When the Budget Board approves an interfund transfer, there is no formal amendment of the estimated actual revenues and expenditures for the current fiscal year or estimated revenues and proposed expenditures for the budget year; the Budget Board is simply approving the amendment of County's financial records to reflect the transfers. The minutes of the Budget Board clearly state that the Budget Board is approving the appropriations related to the interfund transfers and there is no mention in the minutes of an amendment to the budget and therefore, no approval of such can be assumed.

Furthermore, when confirming the original, final, and actual amounts as noted in the County's Budgetary Comparison Schedules, only the original budgeted amounts could be tied to the County's budget. To confirm the final and actual budget amounts, OSAI tied this information back to financial records

**TULSA COUNTY, OKLAHOMA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

generated from the County Clerk's bookkeeping system. This information detailed adjustments to expenditures categories but made no reference to adjustments to budgeted revenues.

Anticipated Completion Date: December 1, 2017.

Finding 2016-2 - Inadequate Internal Controls and Noncompliance Over Disbursements

Finding Summary: Testwork noted multiple instances of deficiencies.

Contact Person(s): John Smaligo.

Corrective Action Planned: The Chairman of the BOCC will inform BOCC Division Directors in Tulsa County and elected officials of this finding and the importance of encumbering purchase orders before goods or services are ordered.

Anticipated Completion Date: December 1, 2017.

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 2016-8 - Lack of Segregation of Duties - District Court Divisions (Repeat Finding 2013-3)

Finding Summary: 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.

Contact Person(s): Don Newberry.

Corrective Action Planned: The Court Clerk will discuss with each department head the following proposed procedure: 1. Use a daily log, having a third person (someone who has not worked out of the cash drawer) sign off/verify the details of the deposit and balance of receipts. 2. Suggested personnel to sign off would be to utilize the accounting department if no one in the department qualifies.

Anticipated Completion Date: December 1, 2017.

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Finding 2016-9 - Inadequate Internal Controls Over Court Clerk District Court Fund (Repeat Finding 2013-04)

Finding Summary: The Court Clerk's ending balance, per the Court Clerk's supporting reports and records, is \$1,275.27 more than the ending balance on the Treasurer's general ledger.

Contact Person(s): Don Newberry.

Corrective Action Planned: The Court Clerk's beginning balance was reconciled with the County Treasurer but not with our Case Balance Summary Report. Although we have a variance due to the conversion of paper to computer, circa 1984-1988, we will continue to work on balancing with the Case Balance Summary. The amount of the variance had decreased since the last audit.

Auditor Response: The balance used in the reconciliation with the Treasurer should be the number noted on the Court Clerk's supporting reports and records.

Anticipated Completion Date: December 1, 2017.

Finding 2016-11 - Inmate Trust Fund Bank Account Reconciliation Not Accurate (Repeat Finding 2009-5)

Finding Summary: All information presented on the bank reconciliations for the Tulsa County Inmate Trust Fund Bank Account cannot be substantiated. It appears that some amounts utilized as reconciling items may contain unidentified amounts and errors.

Contact Person(s): Vic Regalado.

Corrective Action Planned: The Tulsa County Sheriff's Office is waiting on the results from the forensic audit of the Inmate Trust Fund Checking Account. Once we receive direction from the forensic auditor, we will make the necessary changes to correct these issues.

Anticipated Completion Date: December 1, 2017.

Finding 2016-12 - Lack of Internal Controls and Noncompliance Over Inmate Trust Fund (Repeat Finding 2009-06)

Finding Summary: Multiple deficiencies in internal controls were noted.

Contact Person(s): Vic Regalado.

Corrective Action Planned: In February of 2016, we added a cover to all receipt books that boldly state "IMPORTANT, PLEASE KEEP ALL COPIES OF VOIDED RECEIPTS IN THE RECEIPT BOOK" to

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help ensure all voided receipts are retained. Effective immediately (December 2016), inmate trust checks will only be issued to the inmate upon release and/or the Commissary Account and we are currently adding additional checks signers to ensure that there are always two authorized check signers available to sign inmate trust checks.

Anticipated Completion Date: December 1, 2017.

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

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

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

CFDA NO: 14.218

FEDERAL PROGRAM NAME: Community Development Block Grants/Entitlement Grants

FEDERAL AWARD NUMBER: B-12-UC-40-0001, B-13-UC-40-0001, B-14-UC-40-0001, B-15-40-0001

FEDERAL AWARD YEAR: 2016

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$1,007,896

Finding Summary: The grant administrator had not monitored the County's Subrecipients in accordance with their Monitoring Plan.

Contact Person(s): Kelly Young and Claudia Brierre.

Corrective Action Planned: INCOG will follow the policies set forth in the Tulsa County CPD Programs Monitoring Policies and Procedures Manual. INCOG will conduct a site visit for each project within the fiscal year.

Anticipated Completion Date: April 1, 2017.



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