

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

**FOR THE YEAR ENDED
JUNE 30, 2009**



Oklahoma State Auditor
& Inspector

TULSA COUNTY, OKLAHOMA
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, 2009

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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

May 27, 2010

TO THE CITIZENS OF
TULSA COUNTY, OKLAHOMA

Transmitted herewith is 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* of Tulsa County, Oklahoma for the fiscal year ended June 30, 2009. 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.

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

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

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tulsa County, Oklahoma as of and for the year ended June 30, 2009, which collectively comprise Tulsa County's basic financial statements and have issued our report thereon dated April 1, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Tulsa County Industrial Authority, Tulsa County Criminal Justice Authority, Tulsa County Home Finance Authority, Tulsa County Employees' Retirement System, Tulsa County Public Facilities Authority, and the Tulsa City/County Health as described in our report on Tulsa County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

deficiencies 2009-1, 2009-3, 2009-5, 2009-7, 2009-8, 2009-9, 2008-10, 2009-11, 2009-12, 2009-13, 2009-14, 2009-16, 2009-17, 2009-18, 2009-22, 2009-23, 2009-25, 2009-29, and 2009-30 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-5, 2009-12, 2009-13, 2009-25, and 2009-30 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tulsa County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

April 1, 2010

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2009-1 – Encumbrances (Repeat Finding)

Criteria: Statutory control procedures have been established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, material, and equipment for maintenance, operation, and capital expenditures of county government.

Title 19 O.S. § 1505.C.2 states:

The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Title 19 O.S. § 1505.C.3 states in part:

...In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.

Condition: We noted 17 instances out of 258 purchase orders tested where goods or services were either ordered and/or received prior to encumbering monies. These encumbrances made after the ordering and/or receiving of goods or services totaled \$553,385.88.

- A) Fifteen were noted in the Sheriff's Department for a total of \$357,140.93.
- B) One was noted in the Highway and Engineering Department for a total of \$191,115.00.
- C) One was noted in the Fiscal Office for a total of \$5,129.95.

We noted 13 instances out of 258 purchase orders tested where the purchase orders were not stamped approved by the BOCC.

We noted one instance out of 258 purchase orders tested where there was not an invoice attached to the purchase order.

We noted two instances out of 258 purchase orders tested where there was no date on the invoice supporting the purchase order.

Effect: When the official does not properly encumber funds, approve purchase orders, have adequate supporting documentation for purchase orders, and no date on invoice, purchasing controls are not effective with regard to the determination of funds being available for expenditure.

Recommendation: OSAI recommends funds be encumbered prior to the ordering and/or receiving of goods and services as set forth in 19 O.S. § 1505.C, and to ensure funds are available for all purchases made. OSAI further recommends purchase orders be approved by the BOCC and have adequate supporting documentation attached.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Views of responsible officials and planned corrective actions:

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

Without knowing the Purchase Order numbers and the amounts, we can only speculate that the majority of the dollar amount is attributed to our medical contractor. We, however, received an invoice from our medical provider to cover past overages above and beyond the monthly contract amount of \$349,570.86. The amount of the overage was \$320,136.52 – an amount that represented overages for numerous months. Prior to receiving this invoice for the overages, supervisors in the Financial Unit were unaware this bill was outstanding, and therefore, did not encumber prior to receiving the invoice.

Other Purchase Orders included in the 16, may include services of immediate need rendered after hours or on weekends such as an out county tow-ins, veteran services for strays picked up by animal control, and emergency maintenance/services for the jail.

Earlene Wilson, Tulsa County Clerk

One of the audit steps performed by County Clerk employees is to check for an explanation in case goods and services were either ordered and/or received prior to encumbering monies. There are very few instances where an explanation is not found on the purchase order. Greater diligence will be placed on finding and holding purchase orders until an explanation is provided.

Finding 2009-3 – Review of Purchase Orders

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, management should review purchase orders before authorizing them for payment.

Condition: Through discussions with the Tulsa County Parks Department Service Superintendent and Director, they stated that they sign the face of every purchase order without reviewing the supporting documents attached to the purchase order.

Effect: These conditions could result in misappropriation of funds and possible improprieties in the acquisition of goods and services.

Recommendation: OSAI recommends management be aware of these conditions and require Department Heads to review the supporting documentation prior to approval of purchase orders.

Views of responsible officials and planned corrective actions:

Karen Keith, District 2 County Commissioner

Department heads will be instructed to review the supporting documentation prior to approving purchase orders.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2009-5 – Internal Control over Financial Reporting

Criteria: The County's management is responsible for internal controls over financial reporting. This includes controls over the fair and complete presentation of the government's annual financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes. Professional audit standards clearly indicate that the external financial statement auditor is not a part of management's control activities and cannot be a component of the entity's internal control over financial reporting.

Condition: We noted the following errors concerning the recording, processing, and summarizing accounting data by the County:

- Concerning Additions to Buildings/deletion to CIP, we noted documentation provided on additions for the LaFortune Golf Maintenance Building was \$862,690.39 and cost reported per Clerk was \$865,820.39. This resulted in an overstatement of Additions to Buildings and deletions to CIP by \$3,130.00.
- Concerning Additions to Infrastructure, we noted documentation provided on additions to Road Work was \$0.00 and cost reported per Clerk was \$38,758.00. This resulted in an overstatement of Additions to Infrastructure by \$38,758.00.
- Concerning Accumulated Depreciation, we noted documentation provided per the Tulsa County Inventory report was \$69,973,838.81 and reported per Clerk was \$69,972,417.04, resulting in an overstatement of capital assets by \$1,421.77.
- Concerning Additions to Infrastructure (Signal Lights), we noted documentation provided was \$35,732.50 and cost reported per Clerk was \$35,000.00. This resulted in an understatement of Additions to Infrastructure by \$732.50.
- Concerning Additions to Software, we noted documentation provided was \$3,627,738.29 and cost reported per Clerk was \$3,642,842.29. This resulted in an overstatement of Additions to Software by \$15,104.00.
- Concerning Deletions to Machinery and Equipment, we noted documentation provided was \$1,326,624.86 and cost reported per Clerk was \$1,727,026.37. This resulted in an overstatement of Deletions to Machinery and Equipment by \$400,401.51, and should be an adjustment to the FY 2009 beginning balance for Machinery and Equipment.
- Concerning Due from Other Governments and Intergovernmental Revenue – General Fund, we noted documentation provided was \$188,713.76 and reported per Clerk was \$249,056.30. This resulted in an overstatement of Due from Other Governments and Intergovernmental Revenue – General Fund by \$60,342.54.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Effect: As a result of this condition, the County lacks the necessary internal controls over the recording, processing, and summarizing of accounting data.

Recommendation: OSAI recommends management strengthen the internal control system over financial reporting to prevent and/or detect misstatements to the accounting records.

Views of responsible officials and planned corrective actions:

Earlene Wilson, Tulsa County Clerk

The misstatements were either corrected in the financial statements or investigated but no adjustments were made to the financial statements because the entries were immaterial.

Finding 2009-7 – Capital Assets

Criteria: Accountability and stewardship are overall goals of management in the accounting of capital assets. To help ensure a proper accounting, equipment on a capital asset listing should be supported by adequate documentation and equipment purchased should be included on the capital asset listing.

Condition: During our review of machinery and equipment additions to Capital Assets of \$5,000 and over, we noted the following:

- A. One vehicle's price reported on the listing did not agree to the supporting documentation. The vehicle was listed at \$14,794.00, when in fact, it actually cost \$13,838.00.

Effect: This condition could result in unrecorded transactions, misappropriation of assets, or misstated capital assets.

Recommendation: OSAI recommends that capital asset items be listed at the actual purchase price.

Views of responsible officials and planned corrective actions:

Earlene Wilson, Tulsa County Clerk

The misstatements were either corrected in the financial statements or investigated, but no adjustments were made to the financial statements because the entries were immaterial.

Finding 2009-8 – Inmate Trust Accounts – Deposits (Repeat Finding)

Criteria: Statutory control requirements have been established for the depositing of funds.

Title 19 O.S. §531.A. states in part:

...The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary

TULSA COUNTY, OKLAHOMA
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JUNE 30, 2009

Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.

Condition: We found that the money received from various sources such as booking, daily mail deposits, and money received from visitors is not being deposited on a daily basis. Seven out of 12 deposits tested were not made daily.

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

Recommendation: OSAI recommends the Sheriff's office deposit all money received on a daily basis.

Views of responsible officials and planned corrective actions:

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

Deposits are made daily with the exception of a holiday or weekend when banking institutions are closed or in the rare event that the day was not balanced.

OSAI Response: In reviewing deposits and bank statements, we found that the deposits were not made daily.

Finding 2009-9—Inmate Trust Fund—Checking Account (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To ensure proper accounting of funds, receipts should be issued in sequential order and adequate documentation for receipts should be maintained.

Condition: When inmates arrive at the county jail, the arresting officer uses any available receipt book. The receipt books are pre-numbered, but they are not issued in numerical order because multiple receipt books are used. Therefore, not all of the receipts can be accounted for. Receipt number sequences cannot be traced to deposit slips ensuring accuracy of deposits. There was no evidence that receipts are being voided or retained when an officer decides not to issue a receipt.

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

Recommendation: OSAI recommends the Sheriff's office maintain control of the sequential order of which receipt books are used for inmate monies deposited in the Inmate Trust Fund Account. Due to the different areas receiving monies for the Inmate Trust Fund Account and the difficulty in using one receipt book, we recommend each area/department (Visitation, Booking, and Mail Room) use an independent set of receipt books and only issue receipts in sequential order. OSAI further recommends that one copy of the receipt be placed in the sealed envelope with the monies received. When the envelopes are opened and the deposit is prepared, receipts are placed in numerical order by area/department. This will aid in accounting for all receipts. OSAI also recommends a copy of any voided receipt be placed in the envelope

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of monies to be deposited. This will ensure all receipt numbers are accounted for and the accuracy of deposited monies.

Views of responsible officials and planned corrective actions:

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

There are multiple officers in the pre-booking at any one time. Therefore, limiting the numbers of receipt books in pre-booking is not an option. However, the receipt books are issued in controlled groups. My recommendation is to install receipt printers at booking. Upon entering the intake credit by the booking officer a receipt will print in sequential order. In the event that a receipt is voided, the sequence number is voided in the computer and we would be able to print copies of voided receipts.

Finding 2009-10 – Inmate Trust Fund – Disbursements

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To ensure proper accounting of funds, a voucher register should contain the voucher numbers and vouchers should be issued in numerical order.

Condition: The following was noted:

1. Vouchers are written from two different locations using two different numbering sequences of vouchers.
2. The voucher register provided did not include vouchers numbers.

Effect: We were unable to account for all vouchers issued due to the varying sequences of vouchers issued and the lack of voucher numbers on the voucher register.

Recommendation: OSAI recommends the Tulsa County Sheriff's Office only issue pre-numbered vouchers for the Inmate Trust Account in sequential order and include voucher numbers on the voucher register to be used when reconciling the inmate trust account.

Views of responsible officials and planned corrective actions:

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

The number of vouchers written is minimal, as we issue NetSpend cards to inmates upon release. Due to the operation of our facility, it is necessary to issue vouchers from more than one location. However, I have requested that a sequence number be printed on all vouchers issued. There is a voucher register that can be printed from ACTFAS; however, the auditors did not request to see this document.

OSAI Response: The register provided contained transaction numbers not voucher numbers.

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Finding 2009-11 – Inmate Trust Records – Reconciliations (Repeat Finding)

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

Condition: We found the following control deficiencies in accounting for the Sheriff's Inmate Trust Account:

1. An Inmate Trust Account Ledger is not being maintained on a monthly basis that can be printed and reconciled to bank records. We were unable to determine that these records are properly retained, accounted for, and support daily deposits.
2. Reconciliations are not being performed by the Sheriff's office

Effect: Without monthly reconciliations and proper records, the Sheriff's office is unable to have a complete and accurate assessment of the monies on hand in the Inmate Trust Account. This may also result in undetected errors and/or misappropriation of Inmate Trust Funds.

Recommendation: OSAI recommends steps be taken to ensure that records are retained and that records support daily deposits and disbursements. OSAI also recommends the Sheriff's office perform a monthly reconciliation of the Inmate Trust Accounts. This reconciliation should be performed by personnel who are separate from the receiving and disbursement functions of the Inmate Trust Account.

Views of responsible officials and planned corrective actions:

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

There is an account ledger which can be printed. However, the auditors never requested this information. Our deposits, intake, visitation and mailroom transactions are reconciled every business day. The reconciliation of the monthly statement, according to a previous finding by the auditor, needs to be performed by an employee outside the scope of the inmate accounting office. Due to the transitory nature of administration captains, it has been difficult to maintain. My recommendation is a policy change reflecting that the support services division will be responsible for the monthly reconciliations.

OSAI Response: At the time of our request, the information was not provided.

Finding 2009-12 – Segregation of Duties – Inmate Trust (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

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Condition: The receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the Inmate Trust Account were not properly segregated to assure adequate internal control over the Inmate Trust Account.

Effect: This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions:

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

The Inmate Accounting duties are highly segregated. Monies are receipted by the arresting officer, intake officers enter intake credits, the reconciliation of funds is performed by the sergeant, and the money is placed in a safe for pick up by an armored car service, and is deposited by this same avenue.

OSAI Response: At the time of our audit, the arresting officers receipted the money with various receipt books. The intake officers entered intake credits, prepared the deposits, and wrote vouchers. No one was reconciling the account.

Finding 2009-13 – Segregation of Duties – Payroll (Repeat Finding)

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 payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

Condition: Based on inquiries of County personnel, it was noted the Payroll Director authorizes, processes, and distributes payroll checks.

Effect: The payroll process is not properly segregated to assure adequate internal control. This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
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Views of responsible officials and planned corrective actions:

Earlene Wilson, Tulsa County Clerk

SA&I auditors recently documented controls of the payroll system in regards to ARMS, the accounting software system used to process payroll through the end of the fiscal year-June 30. The implementation of the payroll module in MUNIS occurred as of July 1, 2009 and those controls have not yet been documented or tested. The implementation of MUNIS has resulted in changes to the way payroll is processed. For example, employees besides the payroll manager are entering changes in benefits. Out of nearly 2,020 employees, a total of 358 checks are still issued; the other employees are on direct deposit and receive a paystub. There is a tentative plan to do away with payroll checks and a push to encourage employees to either establish a bank account or receive a debit card.

Finding 2009-14 – Negative Leave Balances (Repeat Finding)

Criteria: Title 19 O.S. § 1301 states:

Each county may develop and maintain a formal plan for vacation and sick leave for all regular employees. Any leave plan adopted by a county shall not extend benefits to any employee in excess of leave benefits available to a regular state employee in the classified service.

According to Tulsa County Policy FTCP 105 F:

- 4) Vacation hours in the employee's descending balance account normally may not be used until accrued.

Condition: We noted the following:

1. Twenty-seven employees with negative annual leave balances in the Court Clerk's Office, for a total cost of \$10,543.36.
2. One employee in the Sheriff's Office with negative annual leave balance, for a total cost of \$44.64.
3. One employee in the Court Clerk's Office receiving lump-sum personal leave at the beginning of the year instead of a monthly accrual.

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

Recommendation: OSAI recommends the Court Clerk and the Sheriff offices follow the County Personnel Policy for leave and ensure employees are not receiving leave benefits until accrued.

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Views of responsible officials and planned corrective actions:

Haley Collins, HR, Tulsa County Sheriff's Office

It is our practice to never allow employees to carry a negative leave balance. We can only assume this is a minor oversight and has been corrected.

Sally Howe Smith, County Court Clerk

In response to your findings for the year ending June 30, 2009, we have made progress. As to the negative leave balances, adjustments have been made and this should not be a problem after June 2010.

Finding 2009-16 – Leave Requests

Criteria: Tulsa County Personnel Policies, TCP 107, Section F (7, a) states in part:

Absence Notification Policies

7. For all absences due to illness, injury or other unforeseeable cause (including use of unpaid leave or vacation time), the employee must obtain approval of the supervisor at least one day in advance.

NOTES:

- a. To prevent any possible miscommunication, prior written approval using Form 446, or equivalent documentation signed in advance by the supervisor, is strongly encouraged and preferred. Initial verbal authorization with written documentation to follow may be granted at supervisors' discretion, but is at the employee's risk if any dispute ensues as to the verbal understanding.

Condition: There was one instance in the Sheriff's Department where written approval for leave was not completed.

Effect: As stated by County Policy, employees who do not submit a written request for approved leave are at risk of miscommunication and/or discrepancies with their department management leaving no documentation for leave verification.

Recommendation: OSAI recommends management ensure that employees follow County Policy by having written documentation for absences, ensuring leave balance verification.

Views of responsible officials and planned corrective actions:

Haley Collins, HR, Tulsa County Sheriff's Office

Even though the leave slips were deemed incomplete, the weekly timesheet that reflects the scheduled leave is signed and approved by the unit timekeeper and supervisor.

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Finding 2009-17 – Exceeding Maximum Hours

Criteria: Tulsa County Sheriff's Overtime and Compensatory Time Policies, Chapter 3, Policy 13, Section 13.4, (I), states:

- I. **Maximum Compensatory Time Accrual.** Employees are only allowed to accrue up to 240 hours of compensatory time.

Condition: In the County Sheriff's office, OSAI noted four instances where employees exceeded the maximum compensatory time accrual allowed by County Policy.

Employee #1	252.5 Hours
Employee #2	319 Hours
Employee #3	332 Hours
Employee #4	546.5 Hours

Effect: This is in violation of the County Policy and could result in a financial liability to the Sheriff's office.

Recommendation: OSAI recommends management ensure that employees follow county policy by not allowing the maximum compensation time to be exceeded.

Views of responsible officials and planned corrective actions:

Haley Collins, HR, Tulsa County Sheriff's Office

Supervisors are informed of employees that exceed the maximum amount of compensatory time; however, based on the need for manpower there are employees that exceed the limit.

OSAI Response: Management should review their policy to ensure that compensatory time accrual limits are not exceeded.

Finding 2009-18 – Approval of Timesheets

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. In order to adequately verify an employee's absences and time worked, the timesheet should be substantiated by the employee and confirmed by the supervisor, with written signatures by both individuals attesting to the work hours documented are correct.

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Condition: During test work of timesheets from the following offices, we were unable to find a supervisor's signature on employee timesheets attesting to hours worked.

- County Commissioners (1)
- County Treasurer (1)
- County Inspectors (1)
- Highway District's #1, #2, and #3 (7)

In addition, Highway District #1 does not require their employees to sign their timesheets. The Sheriff's department requires their employees sign a "Daily Activity Sheet," which is given to the timekeeper who compiles a weekly timesheet. The weekly timesheets are then given to an individual bookkeeper for transfer to the "Annual Master Time Record" for the month. The employee does not observe the final hours documented for verification unless a problem arises.

Effect: These conditions could result in errors, omissions, inaccurate time records, and officials paying employees for hours not worked which would result in misappropriation of funds. In addition, when an employee and supervisor sign a timesheet, they are also attesting that hours worked and leave balances are correct for verification purposes.

Recommendation: OSAI recommends management ensure that employees and their supervisors attest to hours worked by signing the timesheet. Implementing this internal control will ensure that there are no discrepancies between employee and management for total hours worked and leave balances.

Views of responsible officials and planned corrective actions:

Karen Keith, District 2 County Commissioner

Employees will be encouraged to sign their timesheets verifying the time they worked and any absences from work. Supervisors will be asked to confirm the hours worked and any time off by signing the employee's timesheets.

Sally Howe Smith, County Court Clerk

We discussed approval of timesheets. These are prepared by the supervisors so the control component is there. I am notifying supervisors to sign the timesheets and have the employee sign off on it as well.

Dennis Semler, County Treasurer

The County Treasurer will insure that hours worked by the employee noted by OSAI will be attested by a supervisor.

Finding 2009-22 – Sheriff's Payroll

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. In order to properly pay employees, County policy should be adhered to, a review of payroll master files and

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wage changes should be performed prior to payment, and employee information should be stored in a secure location.

Condition: Through observation and inquiry, OSAI noted the following internal control weaknesses within the Tulsa County Sheriff's office payroll department:

- Employee's time and attendance are recorded and calculated *manually* in a log book.
- A Rolodex file containing payroll information such as employee names, wages, social security numbers, etc., are not stored in a secure location.

Effect: These conditions could result in undetected errors, omissions, misappropriation of funds, and unrecorded transactions.

Recommendation: OSAI recommends management be aware of these conditions and realize that the most effective controls lie in the management's knowledge of office operations and ensuring implementation of those controls with periodic reviews.

Views of responsible officials and planned corrective actions:

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

Bullet (1) Employee's time and attendance were recorded and calculated manually in a log book.

The Sheriff's office is in process of transferring all timekeeping information into SOMS, which is an electronic management system. The timekeeping will no longer be kept manually.

Bullet (2) A Rolodex containing payroll information such as employee names, wages, social security numbers, etc., are not stored in a secure location.

The report finding is inaccurate. The above referenced Rolodex is stored in a private office that is locked and kept secure with an active alarm system.

OSAI Response: During the day the office is not secure. At the time of our interview, we were told employees just knew not to get into her office and that other employees near her office keep a watch out and would be aware if someone were to go into the office without permission. The Rolodex file contains the same information that is maintained with the HR Department and in the payroll accounting system.

Finding 2009-23 – Sheriff's Contract Revenue

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. In order to properly account for revenue, an account ledger should be maintained of revenue in which the sheriff has contracted, timely deposits should be made, a reconciliation of accounting records to bank records should be performed, and supervisory review should be established.

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Condition: While reviewing the Sheriff's Contract Revenue it was noted:

1. There was no supporting documentation kept at the Sheriff's office to support the amounts collected from contract services performed. During our review of contracted services, OSAI had to contact the contracted entity in order to obtain copies of the invoices which had been prepared and submitted by the Sheriff's office.
2. Reconciliations are not being performed.
3. Receipts are not being issued when contracted entity submits a payment.
4. Collections are not being deposited in a timely manner. One receipt for \$48,091.68 was deposited three months after receiving the check and was incorrectly deposited.
5. No one maintains a ledger accounting for revenue received and outstanding revenue for each contracted service.
6. A payment of \$15,771.07 by the contracted entity for February 2009 could not be located by the Sheriff's office.

Effect: As a result, we were unable to determine that these records are properly retained, accounted for and support daily deposits, which could result in misappropriation of funds. Without monthly reconciliations, the Sheriff's office is unable to have a complete and accurate assessment of the monies on hand for the Sheriff's Contract Revenue.

Recommendation: OSAI recommends steps are taken to ensure that records are retained and support daily deposits and disbursements. We also recommend the Sheriff's office maintain a ledger of all activity. A receipt should be issued when money is collected. Monies should be deposited in a timely manner and a monthly reconciliation should be performed by personnel who are separate from the receipting and disbursement functions of the Contract Revenue account.

Views of responsible officials and planned corrective actions:

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

Responses to 1, 2, 3, and 5: To correct this issue, duties are assigned as follows: the billing is assigned to the Grant Coordinator, tracking and reconciliation of the account is assigned to the Fiscal Officer and deposits are made by Accounts Payable. Contract monitoring will continue at the Undersheriff level.

Response to 4: The County implemented a new computer system (MUNIS) with very little training. It was a learning curve and mistakes were expected.

Response to 6: The Grants Coordinator was unaware of any payment made to the Sheriff's office in February 2009. The employee responsible for those payments no longer works for the Sheriff's office. Your office determined that check was written to the Sheriff's office, but was not cashed. It is possible that the Sheriff's office did not receive the payment. Since receiving your report, the Grants Coordinator has attempted to contact Union Schools to determine what needs to be done. However, the employee in charge of this account will be unavailable until April 12, 2010. The Grants Coordinator will attempt contact after the 12th.

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Finding 2009-25 – Segregation of Duties – Refunds & Reimbursements

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be separated.

Condition: A lack of segregation of duties exists in the County Sheriff's office because one person is performing the invoicing, collecting and depositing of funds. The same condition exists with the Budget Board, Administrative Services, Building Operations and Personnel. These departments have one person performing the invoicing, collecting, and depositing of funds.

Effect: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of those operations.

Views of responsible officials and planned corrective actions:

Karen Keith, District 2 County Commissioner

Budgetary constraints and operating guidelines often require employees to perform several job duties and responsibilities. Where there is the concentration of duties and responsibilities in a single employee, management has been instructed to be diligent in overseeing their employees to ensure a proper accounting of funds.

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

As previously discussed, it is difficult to segregate the duties to the size of our Financial Unit. We have assigned deposits to Accounts Payable and the Grants Coordinator will continue to do the billing. At this time, this is as much as these duties can be segregated.

Finding 2009-29 – Depositing Daily

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To ensure proper accounting of funds, receipts should be deposited on a daily basis.

Condition: We noted 14 out of 25 deposits tested were not deposited on a daily basis.

Effect: Not depositing daily could result in revenue not being recorded in a timely manner, increases the risk of misappropriation of funds, and safeguarding of monies received.

Recommendation: OSAI recommends the County Parks Department deposit monies on a daily basis.

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Views of responsible officials and planned corrective actions:

Karen Keith, District 2 County Commissioner

Management is working on standardizing the processing of cash receipts so that daily depositing of funds will result.

Finding 2009-30 – Segregation of Duties (Court Clerk)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The reconciliations and transaction authorization in the Tulsa County Court Clerk's Office were not properly segregated to assure adequate internal control structure.

The accounting clerks reconcile with the Treasurer, calculate amounts vouchered to other agencies, prepare vouchers, sign vouchers, and mail vouchers. No one reviews the vouchers or the reconciliations.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. We recommend the Court Clerk review the vouchers prior to distribution and the reconciliation with the Treasurer.

Views of responsible officials and planned corrective actions:

Sally Howe Smith, County Court Clerk

On our monthly fiscal report, I now verify that we reconcile with the Treasurer and I will be reviewing the report containing all vouchers written.



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