

COUNTY AUDIT

TULSA COUNTY SINGLE AUDIT

For the fiscal year ended June 30, 2014



*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, 2014**

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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

April 14, 2015

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, 2014. 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 the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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,

A handwritten signature in blue ink that reads "Gary A. Jones".

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

**TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	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	\$ 29,495
National School Lunch Program	10.555	N/A	<u>60,051</u>
Total U.S. Department of Agriculture			<u>89,546</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-09-UC-40-0001	10,419
Community Development Block Grants/Entitlement Grants	14.218	B-10-UC-40-0001	56,925
Community Development Block Grants/Entitlement Grants	14.218	B-11-UC-40-0001	145,550
Community Development Block Grants/Entitlement Grants	14.218	B-12-UC-40-0001	361,638
Community Development Block Grants/Entitlement Grants	14.218	B-13-UC-40-0001	<u>445,006</u>
Total CFDA 14.218			<u>1,019,538</u>
Direct Grant:			
Home Investment Partnerships Program	14.239	M-09-DC-40-0205	89,999
Home Investment Partnerships Program	14.239	M-11-DC-40-0205	463,012
Home Investment Partnerships Program	14.239	M-12-DC-40-0205	6,622
Home Investment Partnerships Program	14.239	M-13-DC-40-0205	172,205
Home Investment Partnerships Program (Includes \$5,319 of expenditures of Program Income)	14.239	N/A	5,319
Total CFDA 14.239			<u>737,157</u>
Total U.S. Department of Housing and Urban Development			<u>1,756,695</u>
U.S. DEPARTMENT OF INTERIOR			
Office of the Secretary			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	<u>7,640</u>
Total U.S. Department of Interior			<u>7,640</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	54,514
Bureau of Justice Assistance			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607	N/A	2,138

Continued on next page

The accompanying notes are an integral part of this schedule.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Continued from previous page			
Office of Juvenile Justice and Delinquency Prevention Passed Through Oklahoma Department of Mental Health and Substance Abuse Services: Enforcing Underage Drinking Laws Program	16.727	N/A	22,670
Bureau of Justice Assistance Passed Through the City of Tulsa (Tulsa Police Department): Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013 JAG	18,737
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012 JAG	21,532
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010 JAG	27,460
Total CFDA 16.738			<u>67,729</u>
Direct Grant: Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2011-MO-BX-0039	84,510
Passed Through the Oklahoma Attorney General Justice Reinvestment Initiative	16.827	N/A	28,789
Total U.S. Department of Justice			<u>260,350</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Office of National Highway Traffic Safety Administration Passed Through the Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	164AL-14-03-08-07	66,188
State and Community Highway Safety	20.600	CE-13-03-43-06	29,624
Total U.S. Department of Transportation			<u>95,812</u>
U.S. DEPARTMENT OF ENERGY			
Passed Through the Oklahoma Department of Commerce: State Energy Program	81.041	15850 SEP 13	80,000
Total U.S. Department of Energy			<u>80,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Substance Abuse and Mental Health Services Administration Passed Through the Oklahoma Department of Mental Health and Substance Abuse Services: Substance Abuse and Mental Health Services _ Projects of Regional and National Significance	93.243	N/A	55,554
Total U.S. Department of Health and Human Services			<u>55,554</u>
Continued on next page			

The accompanying notes are an integral part of this schedule.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Continued from previous page			
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG-11	78
Emergency Management Performance Grants	97.042	EMPG-13	36,063
Emergency Management Performance Grants	97.042	EMPG-13 Extra	4,194
Emergency Management Performance Grants	97.042	EMPG-14	39,500
Total CFDA 97.042			79,835
Passed Through the Oklahoma Office of Homeland Security:			
State Homeland Security Program	97.073	260.215	5,589
Total U.S. Department of Homeland Security			85,424
Total Expenditures of Federal Awards			\$ 2,431,021

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, 2014**

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 the Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity is the primary government of Tulsa County as presented in the Comprehensive Annual Financial Report (CAFR). Component units included in the CAFR prepare individual financial statements that meet the requirements of OMB Circular A-133, and have not been included in the Schedule. OMB Circular A-133 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. Subrecipients

Of the Federal Expenditures presented in the schedule, Tulsa County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
	Community Development Block	
14.218	Grants/Entitlement Grants	\$704,917
14.239	Home Investment Partnerships Program	\$540,341
	Violence Against Women Act Court	
16.013	Training and Improvement Grants	\$ 44,199
	Criminal and Juvenile Justice and Mental	
16.745	Health Collaboration Program	\$ 84,510

**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**



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 Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Tulsa County's major federal programs for the year ended June 30, 2014. 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

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of Tulsa County's management.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tulsa County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. 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 requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Tulsa County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit of compliance, we considered Tulsa County's internal control over compliance with the 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 OMB Circular A-133, 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2014-01. *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.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and have issued our report thereon dated February 25, 2015 which contained an unmodified opinion on those financial statements. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Tulsa County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

March 30, 2015 except as to the Schedule of Expenditures
of Federal Awards, for which the date is February 25, 2015

Schedule of Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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?..... No
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted?..... No

For fiscal year 2014, the Comprehensive Annual Financial Report (CAFR) for Tulsa County for the year ended June 30, 2014, was issued under separate cover dated February 25, 2015.

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... None reported
- Significant deficiency(ies) identified? Yes

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

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

Identification of Major Programs

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

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SECTION 2 – Findings related to the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2014-01 – Internal Controls and Reconciliations

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

CFDA NO: 14.218, 14.239

FEDERAL PROGRAM NAME: Community Development Block Grants and Home Investment Partnership Program

FEDERAL AWARD NUMBER: CDBG (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) and HOME (M-09-DC-40-0205, M-11-DC-40-0205, M-12-DC-40-0205, M-13-DC-40-0205)

FEDERAL AWARD YEAR: 2014

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Condition: The County has not reconciled their financial reports with the financial reports of INCOG, the administrator of their HUD programs.

Cause of Condition: The County had internal controls that were designed and implemented to ensure reconciliations were taking place; however, with staff turnover these controls did not continue to operate effectively.

Effect of Condition: The County may not be accurately reporting their Federal awards. This condition could result in the possible re-payment of grant funds to the U.S. Department of Housing and Urban Development or lack of future federal funding.

Recommendation: The County should ensure reconciliations between their records and the records at INCOG are performed in a timely manner.

Management Response:

Financial Coordinator, Tulsa County Clerk's Office: During the month of May 2014 the current financial coordinator was placed on emergency medical leave. This condition was without notice because of an emergency condition placed on the individual in charge of the reconciliation of the financial reports of Tulsa County to the financial reports of INCOG. Therefore, during the time between the individual placed on medical leave and the hiring of new personnel to fill the position Tulsa County management decided to hire an outside source to fill the void of producing the SEFA (Schedule of Expenditures of Federal Awards) for Tulsa County for FY14. The financial coordinator position has been filled as of October 2014 for Tulsa County and the designed internal controls have been implemented to ensure financial reports between Tulsa County and INCOG will be reconciled on a yearly basis.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Criteria: *OMB A-133, Subpart C, §____.300* reads as follows:

Subpart C—Auditees

§____.300 Auditees responsibilities.

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

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, 2014**

Finding 2011-2 – JR-39-039 – JAG Reconciliation

Pass-Through Grantor: 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: JR-39-038, 2009 JAG, 2010 JAG Recovery Act, JR-39-039, 2010 JAG

Control Category: Reporting

Questioned Costs: \$0

Finding Summary: The Tulsa County Sheriff's Office had not completed the reconciliation process with the County Clerk's office in order to support the amounts reported in the County's records.

Status: Not Corrected.

Finding 2012-1 – JR-10-026, JR-39-039, and 2010 JAG – Internal Controls

Pass-Through Grantor: 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, JR09-039, 2010 JAG

Control Category: Allowable Costs/Cost Principles, Procurement and Suspension and Debarment

Questioned Costs: \$137,193

Finding Summary: Multiple *Allowable Costs/Cost Principles* exceptions regarding purchase orders reviewed. Exceptions included a lack of adequate supporting documentation and internal controls that were not found to be operating effectively. This resulted \$137,193 in questioned costs.

Status regarding *Allowable Costs/Cost Principle*:

Regarding internal controls related to grant J09-10-026: Correction could not be determined as this grant is no longer active.

Regarding adequate supporting documentation for all program expenditures: Corrected.

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.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Status: Correction could not be determined as the grant this finding relates to is no longer active.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

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