

COUNTY AUDIT

TULSA COUNTY SINGLE AUDIT

For the year ended June 30, 2010



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



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

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
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, AND
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
FOR THE YEAR ENDED JUNE 30, 2010**

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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

July 25, 2011

TO THE CITIZENS OF
TULSA COUNTY, OKLAHOMA

Transmitted herewith are the Single Audit Reports 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* of Tulsa County, Oklahoma for the fiscal year ended June 30, 2010. Our audit report on the financial statements was 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.

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 serving the public interest by providing independent oversight and by issuing 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, appearing to read "Gary A. Jones".

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

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Schedule of Expenditures of Federal Awards

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Oklahoma Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 27,964
National School Lunch Program	10.555	N/A	49,324
Total U.S. Department of Agriculture			<u>77,288</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer:			
Flood Control Projects	12.106	N/A	2,100
Total U.S. Department of Defense			<u>2,100</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payments in Lieu of Taxes (PILT)	15.226	N/A	7,107
Total U.S. Department of Interior			<u>7,107</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Oklahoma Department of Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		1,405
Total U.S. Department of Transportation			<u>1,405</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant:			
Buffer Zone Protection Program (BZPP)	97.078	92.001	96,302
Passed Through Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	ID#64336	75,761
Homeland Security Grant Program	97.067		3,230
Total U.S. Department of Homeland Security			<u>175,293</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant:			
Home Investment Partnerships Program	14.239	M-09-DC-40-0205	487,050
Homeless Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)	14.257	S-09-UY-40-0003	196,519
Community Development Block Grants/Entitlement Grants	14.218	B-08-UC-40-0001	376,069
Community Development Block Grants/Entitlement Grants	14.218	B-09-UC-40-0001	67,039
Total CFDA 14.218			<u>443,108</u>

The accompanying note is an integral part of this schedule.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant:			
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-UY-40-0001	341,131
Passed through Oklahoma Department of Commerce:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDBG98	5,625
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDBGED98	4,290
Total CFDA 14.228			<u>9,915</u>
Total U.S. Department of Housing and Urban Development			<u>1,477,723</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through City of Tulsa (Tulsa Police Department):			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009A-002	698
Passed Through Oklahoma District Attorneys Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JR09-039	122,086
Edward Byrne Memorial Justice Assistance Grant Program	16.738	J08-32	16,589
Total CFDA 16.738			<u>139,373</u>
Passed Through District Attorneys Council:			
Project Safe Neighborhoods	16.609	PSNN08-03	9,213
Project Safe Neighborhoods	16.609	PSNN09-003	44,222
Total CFDA 16.609			<u>53,435</u>
Violence Against Women Formula Grants	16.588	V08-027	31,211
Violence Against Women Formula Grants	16.588	V09-023	32,815
Total CFDA 16.588			<u>64,026</u>
Total U.S. Department of Justice			<u>256,834</u>
<u>National Highway Traffic Safety Administration</u>			
Passed Through Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	PT-09-28-08/K8-09-03-02	29,964
State and Community Highway Safety	20.600	PT-09-28-08	62,811
Total National Highway Traffic Safety Administration			<u>92,775</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,090,525</u></u>

The accompanying note is an integral part of this schedule.

TULSA COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards 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).

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).

**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***



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405-521-3495 • Fax: 405-521-3426

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, 2010, which collectively comprise Tulsa County's basic financial statements and have issued our report thereon dated July 21, 2011. 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 statement, 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 Tulsa 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of

the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs to be material weaknesses in internal control over financial reporting. 2010-4, 2010-6

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. 2010-2, 2010-5, 2010-7, 2010-8

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 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 management of Tulsa County, 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. § 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

July 21, 2011

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



Oklahoma State Auditor & Inspector

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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

TO THE OFFICERS OF
TULSA COUNTY, OKLAHOMA

Compliance

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 each of Tulsa County's major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tulsa County's management. Our responsibility is to express an opinion on Tulsa County's compliance based on our audit.

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. Our audit does not provide a legal determination of Tulsa County's compliance with those requirements.

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 each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-11 and 2010-14.

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, we considered Tulsa County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 2010-9. 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 findings 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tulsa County as of and for the year ended June 30, 2010, and have issued our report thereon dated July 21, 2011. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 of Tulsa County, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities 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. § 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 fluid and cursive, with the first name "Gary" being the most prominent part.

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

July 21, 2011

Schedule of Findings and Questioned Costs

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

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 that are not considered to be material weaknesses?..... Yes

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

For fiscal year 2010, the Comprehensive Annual Financial Report (CAFR) for Tulsa County for the year ended June 30, 2010, was issued under separate cover dated July 21, 2011.

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? 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

CFDA Number(s)
14.239
14.218

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

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

14.253	Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)
14.257	Homeless Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)

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

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

SECTION 2—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 2010-2 – 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 4 instances out of 136 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 \$263,163.

- A) Two were noted in the Sheriff’s Department (PO#1012538 and 1010047) for a total of \$111,347.
- B) Two were noted in the Highway and Engineering Department (PO#1009592, and #1009064) for a total of \$151,816.00.

Effect: When the official does not properly encumber funds, purchasing controls are not effective with regard to the determination of funds being available for expenditure.

**TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

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.

Views of responsible officials and planned corrective actions:

Christina Morrison, Fiscal Officer, Tulsa County Sheriff's Office

Purchase order number 1012538 issued to Kitchens To Go LLC in the amount of \$104,000 was encumbered after the ordering and/or receiving of goods or services due to bookkeeper not being notified that the service was being performed beforehand. We have since taken corrective action of improving communication within our office to ensure adequate notice of vendor services.

Purchase order number 1010047 issued to Correctional Healthcare Management Inc. in the amount of \$354,570.86 was encumbered on 11/25/09. There were two invoices for this purchase order. One of the two invoices was dated 10/31/09, which was before the encumbrance was made. This invoice was for October ADP service that was over contract in the amount of \$7,347.00. The other invoice was dated 12/01/09 and was ordered after the encumbrance according to law. The billing from the vendor was received on November 24, 2009, for the overage incurred during the month of October. We have taken the corrective action of encumbering an estimated amount in advance to anticipate any monthly overage when applicable.

OSAI Response: The invoice dated 12/01/09 was properly encumbered and is not included in the finding.

Elanore Wells, Tulsa County Engineering

These invoices were for repairs performed on Tulsa County's highway lights located on the Keystone Expressway during 6-1-2009 through 9-9-2009, including replacement of five (5) 35' steel poles, four (4) secondary pedestals and related materials.

The amount of the maintenance or repair costs cannot be encumbered until the total dollar amount required is determined.

OSAI Response:

1. **PO #1009592 - \$30,207**
Work performed June 1, 2009 through September 9, 2009
Invoice date: September 15, 2009
Encumbrance date: November 17, 2009

2. **PO #1009064 - \$121,609**
Work performed January 1, 2009 through May 31, 2009
Invoice date: July 23, 2009
Encumbrance date: November 6, 2009

Finding 2010-4 – Segregation of Duties – Refunds & Reimbursements (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, 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 duties of 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:

Debra Benight, Grants Coordinator, Tulsa County Sheriff's Office

At the beginning of the 2010-2011 fiscal year, the issue of segregation of duties was corrected. We now have separate employees doing the billing, receiving, deposits, allocations, and reconciling of accounts.

Finding 2010-5 – Inmate Trust Account 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.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

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 receipting and disbursement functions of the Inmate Trust Account.

Views of responsible officials and planned corrective actions:

Sgt. Bob Darby, 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. Since October 2010, the Administrative Sergeant has been tasked with spot checking the statements after they have been reconciled. A switch to CORE is in progress. The accounts are being reconciled and upon completion the new software will allow for daily reconciliation.

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

Finding 2010-6 – Segregation of Duties – Inmate Trust Account (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.

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:

Sgt. Bob Darby, 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 retrieval by an armored car service, and deposited.

TULSA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

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 2010-7 – Inmate Trust Account – 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 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. Twenty-four out of 25 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:

Sgt. Bob Darby, 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 2010-8 – Inmate Trust Account—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.

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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 the receipt books used for inmate monies deposited in the Inmate Trust Account. Due to the different areas receiving monies for the Inmate Trust 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 should be placed in numerical order by area/department to account for all receipts. OSAI also recommends a copy of any voided receipt be placed in the envelope 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:

Sgt. Bob Darby, Tulsa County Sheriff's Office

The arresting officers not the booking officers write the receipts. There are multiple officers in 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 a kiosk in booking. Upon entering the intake credit by the arresting 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.

SECTION 3 – 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 2010-9 – Schedule of Expenditures of Federal Awards (Repeat Finding)

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

CFDA NO: 14.239, 14.218, 14.253, 14.257

FEDERAL PROGRAM NAME: Home Investment Partnerships Program, Community Development Block Grants /Entitlement Grants, Community Development Block Grant ARRA Entitlement Grants-Recovery Act Funded, and Homeless Prevention and Rapid Re-Housing Program (HPRP)

FEDERAL AWARD NUMBER: M-09-DC-40-0205, B-08-UC-40-0001, B-09-UY-40-0001, and S-09-UY-40-0003

FEDERAL AWARD YEAR: 2008, 2009, and 2010

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

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

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Subpart C—Auditees

§____.300 Auditees responsibilities.

The auditee shall:

(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.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §____.310.

Condition: During our review and reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) as initially prepared by Tulsa County, we noted the following exceptions:

1. CFDA #14.239-Home Investment Partnerships Program (HOME) was overstated by \$12,447.09.
 - P.O. #1022978 work/services were performed in FY10 for \$2,616, but were not included on the FY10 SEFA.
 - P.O. # 921930, 921931, 921932, and 921947 work/services were performed in FY09 for \$15,063.09, but were included on the FY10 SEFA.
2. CFDA #14.218 – Community Development Block Grants/Entitlement Grants was understated by \$4,113.04.
 - P.O. #1022977 work/services were performed in FY10 for \$4,113.04, but paid in FY11.
3. CFDA #14.253 - Community Development Block Grant ARRA Entitlement Grants-Recovery Act Funded was understated by \$2,509.61.
 - P.O. #1101390 work/services were performed in FY10 for \$2,509.61, but paid in FY11.
4. CFDA #14.257 – Homeless Prevention and Rapid Re-Housing Program (HPRP) was understated by \$9,112.89.
 - P.O. # 1022980 work/services were performed in FY10 for \$9,112.89, but paid in FY11.

The SEFA is presented on the modified accrual basis of accounting.

Effect: Coordination of Federal Awards did not occur to ensure proper reporting, adequate internal controls, and compliance with federal requirements.

Recommendation: OSAI recommends Tulsa County consider coordinating all federal grants that are either direct grants or pass-through grants under Tulsa County’s jurisdiction. Tulsa County should also have a policy for monitoring all federal grants within the County. These policies could incorporate by reference applicable federal regulations to be followed, as well as the appropriate policy for the application, receipt, and expenditure of federal funds. OSAI also recommends that amounts reported on the Schedule of Federal Awards be reconciled to accounting records.

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Views of responsible officials and planned corrective actions:

Pat Key, Deputy County Clerk, Tulsa County

1. CFDA #14.239
PO 1022978 – Finding is correct. Encumbrances were not included on SEFA.
PO's 921930, 921931, 921932. – Finding is correct. They were all paid 07/13/09 – FY 10.
However, they were encumbered in FY09 and should have been included on the FY09 SEFA.
PO 921947 – Finding is correct. The cost was originally transferred to G0037 from G0038.
However, it was encumbered in FY09 and should have been included on the FY09 SEFA.
2. CFDA #14.218
PO 1022977 – Finding is correct. Encumbrance was not included on SEFA.
3. CFDA #14.253
PO 1101390 – Finding is correct. Encumbrance was not included on SEFA.
4. CFDA #14.257
PO 1022980 – Finding is correct. Encumbrance was not included on SEFA.

Finding 2010-11 – Reporting

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

CFDA NO: 14.218, 14.253

FEDERAL PROGRAM NAME: Community Development Block Grants/Entitlement Grants,
Community Development Block Grant ARRA Entitlement Grants-Recovery Act Funded

FEDERAL AWARD NUMBER: B-09-UY-40-0001, B-08-UC-40-0001, B-09-UC-40-0001

FEDERAL AWARD YEAR: 2008, 2009

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

Criteria: According to the instructions for HUD-60002, Section 3 –

This form is to be used to report annual accomplishments regarding employment and other economic opportunities provided to low and very low-income persons under Section 3 of the Housing and Urban Development Act of 1968. The Section 3 regulations apply to any **public and Indian Housing programs** that receive: (1) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937 and to **recipients of housing and community development assistance in excess of \$200,000** expended for: (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (2) housing construction; or (3) other public construction projects; and to **contracts and**

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subcontracts in excess of \$100,000 awarded in connection with the Section-3-covered activity.

Recipients or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low- and very low-income persons.* A recipient of Section 3 covered assistance shall submit two copies of this report to the local HUD Field Office. Where the program providing assistance requires an annual performance report, this Section 3 report is to be submitted at the same time the program performance report is submitted.

Condition: During our review of the performance report, it was noted that the required Form HUD 60002 was not completed and filed for FY2010.

Effect: Coordination of Federal Awards did not occur to ensure proper reporting, adequate internal controls, and compliance with Federal requirements.

Recommendation: OSAI recommends Tulsa County establish procedures to ensure all required reports are submitted.

Views of responsible officials and planned corrective actions:

Claudia Brierre, Community Development Planner, INCOG

I have reviewed the instructions for HUD Form 60002 again, and the instructions are ambiguous as to whether the form should be submitted if no contracts trigger Section 3. Section 3 is triggered when contracts in excess of \$100,000 are awarded for construction AND there are new hires for the project. This constitutes a Section 3 covered activity. For the audit period, no Section 3 covered activities occurred (no new hires on the two contracts in excess of \$100,000). However, in the future, INCOG will prepare the Section 3 Summary Report for inclusion in Tulsa County's Consolidated Annual Performance and Evaluation Report (CAPER) for the program period 8/1 to 7/30, due annually to HUD by October 30th. Additionally, INCOG has designated a staff member as the CDBG Section 3 Coordinator in order to more closely monitor reporting requirements.

We have documents from our project files pertaining to documentation that no new hires were added to the two projects funded in excess of \$100,000 during the Tulsa County audit period ending 6/30/2010. Our construction inspector had completed the Section 3 Summary Report for the Sapulpa Cleveland Ave. project and I found it in his files, along with the Section 3 Plan completed by the contractor as a part of the contract documents. We also have the Section 3 Plan for the Broken Arrow CDBG-R Streetscape project, completed by the contractor. We are complying with Section 3 requirements for the projects, just did not submit documentation to HUD in CAPER.

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Finding 2010-14 – Procurement, Suspension and Debarment

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

FEDERAL AWARD YEAR: 2009

CONTROL CATEGORY: Procurement and Suspension and Debarment

QUESTIONED COSTS: \$-0-

Criteria: The OMB Circular A-133 Compliance Supplement for March 2010 states:

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition: During our review of Housing Rehabilitation expenditures, we noted one of four purchase orders tested that INCOG failed to verify that the contractor was not suspended or debarred.

Effect: The County is not in compliance with grant requirements and could be contracting with a company that has been suspended or debarred.

Recommendation: OSAI recommends the County check the *Excluded Parties List System (EPLS)* to verify whether or not a contractor is suspended or debarred each time the contractor is considered for a job, regardless of whether or not they have previously searched for the contractor in the past.

Views of responsible officials and planned corrective actions:

Claudia Brierre, Community Development Planner, INCOG

We are in agreement that failure by CARD to produce the EPLS verification on one housing rehabilitation contract suggests that the verification was not performed. This sub recipient contract with CARD has expired, and INCOG does not anticipate that such a sub recipient agreement with another agency for rehabilitation administration will ever be entered into in the future because the demand for housing rehabilitation has declined. However, correction action for future rehabilitation projects will be to require submission of the EPLS verification document with the executed contract and prior to draw of any funds due the contractor.

Schedule of Prior Year Findings and Questioned Costs

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Finding 2007-21 – Subrecipient Monitoring

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: Tulsa County has not monitored their subrecipient's use of Federal awards. Per the State Policy Advisor from the Bureau of Justice for the Justice Assistance Grant, the City of Tulsa is considered a subrecipient of the Justice Assistance Grant and should be monitored by Tulsa County.

Status: Corrected

Finding 2007-23 – Reporting, Allowable Costs/Cost Principles, Activities Allowed or Unallowed, Cash Management

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: The grant coordinator prepares all the primary accounting and disbursements of the Federal award. The budget and actual data as well as quarterly and annual reports are prepared by the grant coordinator without any formal review.

Status: Corrected

Finding 2007-24 – Reporting

Federal Program: All

Funding Agency: All

Finding Summary: The auditors detected misstatements on the Schedule of Expenditures of Federal Awards. The County's internal controls did not detect the misstatements.

Status: Not Corrected

Finding 2008-15 – Reporting

CFDA: 14.239

Federal Program: Home Investment Partnerships Program (HOME)

Funding Agency: U.S. Department of Housing and Urban Development

Finding Summary: Subsidiary ledgers maintained by INCOG and the Tulsa County Fiscal Office were not reconciled to each other or to the County's ARMS accounting system to ensure all federal expenditures were properly accounted for.

Status: Not Corrected

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Finding 2008-20 – Reporting

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: The grant coordinator prepares all the primary accounting and disbursements of the federal award. It was further noted that budget and actual data as well as quarterly and annual reports are prepared by the grant coordinator without any formal review.

Status: Corrected

Finding 2008-21 – Reporting

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: We examined the reports submitted to the District Attorneys Council and compared those reports to the reports submitted by the Sheriff's office. There were significant differences between the submitted reports and the reconstructed reports. Many of the reports were filed past the required due date for the reports.

The amounts from documents prepared in the Sheriff's office for the Edward Byrne Memorial Justice Assistance Grant Program J07-34 differed from the budget categories, in some instances, by month, by quarter and in total. There was no evidence of reconciliations between the Sheriff's documents to explain those differences.

Supporting documentation for interest for the Justice Assistance Grant 2005-DJ-BX-0697 was not retained by the Sheriff's office.

Status: Corrected

Finding 2008-23 – Subrecipient Monitoring

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: Tulsa County was not monitoring their subrecipient's use of Federal awards. Tulsa County was not aware that the City of Tulsa was a subrecipient.

Status: Corrected

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Finding 2008-24 – Reporting

CFDA: All

Federal Program: All

Funding Agency: All

Finding Summary: The auditors detected misstatements on the Schedule of Expenditures of Federal Awards. The County's internal controls did not detect the misstatements.

Status: Not corrected

Finding 2009-32 – Cash Management

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: The auditors noted there was no supporting documentation for the receipt of the grant award. In addition, miscellaneous receipts were not retained to support interest income for the grant. OSAI found supporting documentation was limited within grant files maintained by the grant coordinator.

Status: Corrected

Finding 2009-33 – Cash Management

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: Two grants (J07-34 - grant period July 1, 2007 through August 2008 and J08-32 - grant period July 1, 2008 through June 30, 2009) were placed within the same ORG. account in the ARMS accounting system causing a loss of identity for each grant's transaction activity.

Status: Corrected

Finding 2009-34 – Cash Management, Period of Availability, Reporting

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: The auditors noted that the grant coordinator prepares all of the primary accounting records for the receipts and disbursements of the federal award. It was further noted that quarterly and financial status reports are prepared by the grant coordinator without any formal review.

Status: Corrected

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Finding 2009-35 – Reporting

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: The County did not report on the SF-269 Financial Status Report all disbursements, including disbursements made to subrecipients. The amount reported on the SF-269 did not reconcile to subsidiary ledgers.

Status: Corrected

Finding 2009-36 – Subrecipient Monitoring

CFDA: 16.738

Federal Program: Edward Byrne Memorial Justice Assistance Grant Program

Funding Agency: U.S. Department of Justice

Finding Summary: Per the State Policy Advisor from the Bureau of Justice for the Justice Assistance Grant Program, the City of Tulsa was considered a subrecipient of the Justice Assistance Grant Program (2007-DJ-BX-0794). Tulsa County did not obtain supporting documentation for the City of Tulsa's expenditures and did not ensure that the City of Tulsa met audit requirements of OMB Circular A-133.

Also, for the J07-34 and J08-32 grants, while reviewing the Memorandum of Understanding (MOU) between Tulsa County and their subrecipient, the auditors did not find where Tulsa County made the subrecipient aware of grant information. (i.e., CFDA#, award name, name of Federal agency, grant requirements, etc.) In addition, Tulsa County did not ensure that subrecipients met audit requirements and that audit findings were to be reviewed and monitored.

Status: Corrected

Finding 2009-38 – Activities Allowed or Unallowed

CFDA: 14.239

Federal Program: Home Investment Partnerships Program (HOME)

Funding Agency: U.S. Department of Housing and Urban Development

Finding Summary: Subsidiary ledgers maintained by INCOG and the Tulsa County Fiscal Office were not reconciled to each other or to the County's ARMS accounting system to ensure all federal expenditures were properly accounted for.

Status: Not corrected

Finding 2009-39 – Reporting

CFDA: All

Federal Program: All

Funding Agency: All

Finding Summary: The auditors detected misstatements on the Schedule of Expenditures of Federal Awards. The County's internal controls did not detect the misstatements.

Status: Not corrected



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