OKLAHOMA SAI STATE AUDITOR & INSPECTOR

OKLAHOMA COUNTY SINGLE AUDIT REPORT

For the Fiscal year Ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

SINGLE AUDIT REPORT
OKLAHOMA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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OKLAHOMA SAI STATE AUDITOR & INSPECTOR

Cindy Byrd, CPA | State Auditor & Inspector
2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

March 31, 2021

TO THE CITIZENS OF
OKLAHOMA COUNTY, OKLAHOMA

Transmitted herewith is the Single Audit Report of Oklahoma County, Oklahoma for the fiscal year ended June 30, 2020. Our audit report on the financial statements and the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* were issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

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

Sincerely,

Cindy Byrd

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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Schedule of Expenditures of Federal Awards

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title		Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Food and Nutrition Service				
Passed Through the Oklahoma Department of Education:				
Child Nutrition Cluster				
School Breakfast Program		10.553	N/A	$ 30,227
National School Lunch Program	*	10.555	N/A	57,919
Total U.S. Department of Agriculture				88,146
U.S. DEPARTMENT OF INTERIOR				
Office of the Secretary of the Interior				
Direct Grant:				
Payments in Lieu of Taxes		15.226	N/A	15,363
Total U.S. Department of Interior				15,363
U.S. DEPARTMENT OF JUSTICE				
Office of Justice Programs				
Direct Grant:				
State Criminal Alien Assistance Program		16.606	2017-H1632-OK-AP	12,098
State Criminal Alien Assistance Program		16.606	2020-AP-BX-0993	7,540
Total CFDA #16.606				19,638
Office of Justice Programs				
Direct Grant:				
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2017-DJ-BX-0842	118,505
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2016-DJ-BX-0928	23,940
Total CFDA #16.738				142,445
Office of Criminal Division				
Direct Grant:				
Equitable Sharing Program		16.922	N/A	104,365
Total U.S. Department of Justice				266,448
U.S. DEPARTMENT OF TRANSPORTATION				
National Highway Traffic Safety Administration (NHTSA)				
Passed Through the Oklahoma Highway Safety Office:				
State and Community Highway Safety		20.600	PT-19-03-16-12	85,066
State and Community Highway Safety		20.600	PT-20-03-07-13	83,217
State and Community Highway Safety		20.600	DE-20-03-01-13	131,908
Total U.S. Department of Transportation				300,191
U.S. DEPARTMENT OF THE TREASURY				
Departmental Offices				
Direct Grant:				
Coronavirus Relief Fund		21.019	N/A	134,741
Total of the Department of the Treasury				134,741

Continued on next page

*Partially Non-Cash Assistance

The accompanying notes are an integral part of this schedule.

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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			
Office of Federal Emergency Management Agency (FEMA)			
Passed Through the Oklahoma Department of Emergency Management:			
Hazard Mitigation Grant	97.039	FEMA-4222-DR-OK	414,400
Passed Through the Oklahoma Department of Homeland Security:			
Emergency Management Performance Grants	97.042	N/A	15,008
State Homeland Security Program (SHSP)	97.073	930.05	6,090
Total U.S. Department of Homeland Security			435,498
Total Expenditures of Federal Awards			$ 1,240,387

*Partially Non-Cash Assistance

The accompanying notes are an integral part of this schedule.

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the primary government of Oklahoma County and is presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported using the modified accrual basis of accounting in the Comprehensive Annual Financial Report (CAFR). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C. Non-Cash-Assistance-National School Lunch Program CFDA #10.555

Non-cash assistance in the form of commodities was received from the Oklahoma State Department of Education. The federal value of $8,378 is included in the Schedule of Expenditures of Federal Awards.

2. Indirect Cost Rate

Oklahoma County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR § 200.414(f).

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

OKLAHOMA SAI STATE AUDITOR & INSPECTOR

Cindy Byrd, CPA | State Auditor & Inspector

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

TO THE OFFICERS OF
OKLAHOMA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited Oklahoma County's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oklahoma County's major federal programs for the year ended June 30, 2020. Oklahoma County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Oklahoma County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oklahoma County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Oklahoma County's basic financial statements. We issued our report thereon dated March 29, 2021, which contained unmodified opinions on those financial statements. Our report was modified to include a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional

analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 29, 2021

Schedule of Findings and Questioned Costs

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: ..... Unmodified

Internal control over financial reporting:

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

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

For fiscal year 2020, the Comprehensive Annual Financial Report (CAFR) for Oklahoma County for the year ended June 30, 2020, was issued under separate cover dated March 29, 2021.

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(A) of the Uniform Guidance? ..... Yes

Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
20.600	State and Community Highway Safety
97.039	Hazard Mitigation Grant

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

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 Statement Performed in Accordance With *Government Auditing Standards*

Finding 2020-007 – Lack of Internal Controls Over Business Continuity Plan (Repeat Finding-2019-010 and 2018-009)

Condition: Upon review of the County's Business Continuity Plan (BCP), we noted the County's plan needs to be updated and reviewed to ensure, in the event of a disaster, the County would not have delays in the recovery of operations. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County reviews and updates its BCP regularly.

Effect of Conditions: This condition could result in increased delays in the recovery of critical business functions of the County.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the County comply with best practices presented in the criteria. The specifics of the recommendation have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Management Response:
Chairman, Board of County Commissioners: We are looking to add to an upcoming agenda of the Policy and Governance Committee and confirm updates with possible recommendations to the Board of County Commissioners to review and implement by June 2021.

Criteria: According to *CobiT, Deliver, Service and Support 4.05 Review, maintain and improve the continuity plans,* management should conduct a management review of the continuity capability at regular intervals to ensure its continued suitability, adequacy and effectiveness. Manage changes to the plans in accordance with the change control process to ensure that continuity plans are kept up to date and continually reflect actual business requirements.

SECTION 3 – Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2020-001 - Noncompliance with Equipment and Real Property Management Requirement – State and Community Highway Safety

PASS-THROUGH GRANTOR: Oklahoma Highway Safety Office
FEDERAL AGENCY: U. S. Department of Transportation
CFDA NO: 20.600

FEDERAL PROGRAM NAME: State and Community Highway Safety
FEDERAL AWARD NUMBER: PT-19-03-16-12, PT-20-03-07-13, DE-20-03-01-13
FEDERAL AWARD YEAR: 2020
CONTROL CATEGORY: Equipment and Real Property Management
QUESTIONED COSTS: $0

Condition: Upon inquiry, observation and reviewing 100% of the inventory records, the following exceptions were noted:

- Of the eleven (11) items tested, ten (10) items totaling $72,386 were not listed in the County's inventory records.

County Inventory Number	Description	Amount
B301-00124	SW035-2020 Tahoe	$ 50,323
B615-00762	NASPRO SW0140 -Stalker LIDAR	1,995
B615-00763	NASPRO SW0140 -Stalker LIDAR	1,995
B615-00764	NASPRO SW0140 -Stalker LIDAR	1,995
B615-00765	NASPRO SW0140 -Stalker LIDAR	1,995
B615-00766	NASPRO SW0140 -Stalker LIDAR	1,995
B646-00399	NOC, 10x20 TENT	2,788
B646-02721	DWIOD 360 Virtual Reality Goggles	3,100
B646-02722	DWIOD 360 Virtual Reality Goggles	3,100
B646-02723	DWIOD 360 Virtual Reality Goggles	3,100
Total		**$ 72,386**

- The Sheriff's office was able to provide evidence showing the property records for the Tahoe in the amount of $50,323 listed in the table above. The inventory information was sent to the County Clerk to be entered in the County's inventory records. However, the County's inventory records were not updated.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with state statute, federal laws, and grant agreements by ensuring all inventory items are filed with the County Clerk.

Effect of Condition: This condition resulted in noncompliance with state statute, federal laws, and grant agreements.

Recommendation: OSAI recommends management comply with state statute, federal laws, and grant agreements by maintaining inventory records and filing inventory reports with the County Clerk.

Management Response:
County Sheriff: The Oklahoma County Sheriff's Office is continuing its efforts in agency-wide use of a digital inventory system and greater participation in the inventory process at the division level. We conducted an internal review and determined the number of staff was not adequate to appropriately maintain our inventory each fiscal year. We have hired additional staff to focus entirely on this project. We have had meetings with other Oklahoma County Offices to ensure the best communication and flow of processes as they relate to the tracking of county inventory.

County Clerk:

- Our office did receive the inventory sheet for Asset #B301-00124 from the Sheriff's department. The County Clerk's Inventory Officer failed to enter the asset into the central Fixed Asset record keeping system which is the master record for the County.
- According to the Oklahoma County Fixed Assets and Consumable Inventory Procedures, prior to filing the Summary Report a visual inspection of all items is required by each department. Each item listed on inventory must be visually inspected and the Summary Report is prepared at the end of each fiscal year. Title 19 Section 178.1 of the Oklahoma Statutes require an inventory be taken annually.
- The County Clerk's office did not receive the annual inventory Summary Report (SA&I Form 3512) form for fiscal year ending June 30, 2020 from the Sheriff's department.
- At fiscal year-end, the Sheriff's department should have run a Fixed Asset Report for their department from the central Fixed Asset record keeping system. Upon visual inspection by the Sheriff's department at fiscal year-end, it should have been determined that Asset #B301-00124 was not on the master list. At that point they could have notified the County Clerk's Inventory Officer of the error and it could have been entered into the system.
- We feel there is a checks and balance system in place that works properly if each department runs their reports and verifies that all the fixed assets submitted to the Clerk's office for addition or disposal have been properly entered into the system.

Criteria: 2 CFR § 200.313(d)(1) states:

> "Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

Title 19 O.S. § 178.2 states, "It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the county clerk."

Oklahoma Highway Safety Office (OHSO) Grant Agreement – Part II General Provision, Subpart Equipment Purchased with Highway Safety Funds states:

"Equipment must be entered into, and tracked through, the Grantee's inventory system and the OHSO inventory."

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

BOARD OF COUNTY COMMISSIONERS
OKLAHOMA COUNTY
320 ROBERT S. KERR AVENUE
OKLAHOMA CITY, OKLAHOMA 73102
(405) 713-1500

COMMISSIONERS

CARRIE BLUMERT
DISTRICT NO. 1

BRIAN MAUGHAN
DISTRICT NO. 2

KEVIN CALVEY
DISTRICT NO. 3

Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2020

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-007	Financial - Lack of Internal Controls Over Business Continuity Plan (Repeat Finding-2019-010 and 2018-009)	We are looking to add to an upcoming agenda of Policy and Governance Committee and confirm updates with possible recommendations to the Board of County Commissioners to review and implement by June 2021.	6-30-21	Chairman BOCC
2020-001	20.600-Noncompliance with Equipment and Real Property Management Requirement – State and Community Highway Safety	The Oklahoma County Sheriff's Office is continuing its efforts in agency-wide use of a digital inventory system and greater participation in the inventory process at the division level. We conducted an internal review and determined the number of staff was not adequate to appropriately maintain our inventory each fiscal year. We have hired an additional staff to focus entirely on this project. We have had meetings with other Oklahoma County Offices to ensure the best communication and flow of processes as they relate to the tracking of county inventory.	6-30-21	County Sheriff

APPENDIX B

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

(Prepared by County Management)

BOARD OF COUNTY COMMISSIONERS
OKLAHOMA COUNTY
320 ROBERT S. KERR AVENUE
OKLAHOMA CITY, OKLAHOMA 73102
(405) 713-1500

COMMISSIONERS

CARRIE BLUMERT
DISTRICT NO. 1

BRIAN MAUGHAN
DISTRICT NO. 2

KEVIN CALVEY
DISTRICT NO. 3

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2020

FINANCIAL AUDIT FINDINGS

Finding 2019-010 (Repeat Finding-2018-009)
Inadequate Internal Controls Over Business Continuity Plan
Finding Summary: Upon review of the County's Business Continuity Plan (BCP), we noted it does not appear that adequate controls are in place to ensure, in the event of a disaster, the county would not have delays in the recovery of operations. The specifics of the condition have been sanitized to protect the county pursuant to the provision of 50 O.S. § 24A.28.

Status: Partially Corrected. The Board of County Commissioner's departments will interface with other elected officials' departments to review and update the current continuity plans.

FEDERAL AUDIT FINDINGS

No Prior Year Federal Findings

Cindy Byrd, CPA | State Auditor & Inspector
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