OKLAHOMA SAI STATE AUDITOR & INSPECTOR

OKLAHOMA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

SINGLE AUDIT REPORT
OKLAHOMA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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OKLAHOMA
Office of the 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

June 30, 2022

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, 2021. 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.

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.

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, 2021

Federal Grantor/Pass-Through Grantor/Program Title		Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	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			$ 34,469
National School Lunch Program	*	10.555			66,305
Total U.S. Department of Agriculture					100,774
U.S. DEPARTMENT OF THE INTERIOR					
Direct Grant:					
Payments in Lieu of Taxes		15.226			15,581
Total U.S. Department of the Interior					15,581
U.S. DEPARTMENT OF JUSTICE					
Office of Justice Programs					
Direct Grant:					
National Criminal History Improvement Program (NCHIP)		16.554	2019-MU-BX-0993		351,059
Office of Justice Programs					
Direct Grant:					
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2018-DJ-BX-0836		106,512
Office of Criminal Division					
Direct Grant:					
Equitable Sharing Program		16.922			19,504
Total U.S. Department of Justice					477,075
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-20-03-07-13		23,781
State and Community Highway Safety		20.600	DE-20-03-01-13		28,811
Total Assistance Listing 20.600					52,592
Minimum Penalties for Repeat Offenders for Driving While Intoxicated		20.608	PT-21-03-20-14		127,084
Total U.S. Department of Transportation					179,676

*Partially Non-Cash Assistance

Continued on next page

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, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
Continued from previous page				
U.S. DEPARTMENT OF THE TREASURY				
Direct Grant:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0259	36,344,500	42,706,947
Direct Grant:				
COVID-19 Emergency Rental Assistance Program	21.023	ERA0408	8,136,187	8,136,187
Total of the Department of the Treasury			44,480,687	50,843,134
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		576,151
Passed Through the Oklahoma Department of Homeland Security:				
Emergency Management Performance Grants	97.042			94,525
State Homeland Security Program (SHSP)	97.073	1060.015		43,691
State Homeland Security Program (SHSP)	97.073	1030.05		60,890
Total Assistance Listing 97.073				104,581
Total U.S. Department of Homeland Security				775,257
Total Expenditures of Federal Awards				$ 52,391,497

*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 Annual Comprehensive Financial Report (ACFR). Component units included in the ACFR 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 ACFR. 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 Assistance Listing 10.555

Non-cash assistance in the form of commodities was received from the Oklahoma State Department of Education. The federal value of $11,550 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; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards 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, 2021. 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 qualified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of Oklahoma County's compliance.

Basis for Qualified Opinion on Coronavirus Relief Fund and Emergency Rental Assistance Program

As described in Findings 2021-001 and 2021-002 in the accompanying schedule of findings and questioned costs, Oklahoma County did not comply with requirements regarding the following:

Finding #	Assistance Listing	Program (or Cluster) Name	Compliance Requirement
2021-001	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-002	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for Oklahoma County to comply with the requirements applicable to that program.

Qualified Opinion on Coronavirus Relief Fund and Emergency Rental Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Coronavirus Relief Fund and the Emergency Rental Assistance Program for the year ended June 30, 2021.

Oklahoma County's response to the noncompliance findings 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Oklahoma County's response to the internal control over compliance findings 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 and compliance and, accordingly, we express no opinion on the response.

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.

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, 2021, and the related notes to the financial statements, which collectively comprise Oklahoma County's basic financial statements. We issued our report thereon dated June 6, 2022, 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

June 29, 2022, except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is June 6, 2022.

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 2021, the Annual Comprehensive Financial Report for Oklahoma County for the year ended June 30, 2021, was issued under separate cover dated June 6, 2022.

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between
Type A and Type B programs: $1,570,101

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 2021-003 - Lack of Internal Controls Over Business Continuity Plan (Repeat Finding – 2018-009, 2019-010 and 2020-007)

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

Recommendation: The Oklahoma State Auditor and 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: The Board of County Commissioners passed an agenda item to update the County's Business Continuity Plan and will continue to review updates. The Budget Board passed an agenda item to update and submit the County's Business Continuity Plan.

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.

Finding 2021-007 - Lack of Internal Controls Over the Financial Statement - Custodial Funds

Condition: The County is responsible for preparing their annual financial statements, notes to the financial statements, and supplemental information in accordance with Generally Accepted Accounting Principles (GAAP).

In fiscal year 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities*, (GASB 84) reporting requirements. According to the Governmental Accounting Standards Board – Summary of Statement 84, "The objective of this Statement is to improve guidance regarding the identification of

fiduciary activities for accounting and financial reporting purposes and how those activities should be reported."

During the process of documenting the County's internal controls regarding the custodial funds, it was noted that the County has not established internal controls to ensure the custodial funds amounts reported on the financial statements are identified and reported accurately.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the custodial funds reported on the County's financial statements were identified and reported accurately.

Effect of Condition: These conditions could result in noncompliance with GASB 84 and the custodial fund additions and deductions being inaccurately reported.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure all of the County's custodial funds be properly identified and the amounts reported as custodial funds on the financial statements are accurate.

Management Response:
Chairman, Board of County Commissioners: We will continue to work with all the county departments to develop procedures to ensure the custodial amounts on the financial statements are identified and reported correctly.

County Clerk: The Oklahoma County Clerk's Office will work with county departments to develop procedures to ensure that the custodial amounts on the financial statements are identified and reported correctly.

Criteria: A basic objective of (GAAP) is to provide accurate and reliable information.

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, paragraph 111 states, "Sometimes an agency fund is used as a *clearing account* to distribute financial resources to other funds of the government, as well as other entities. For example, county property tax collectors customarily collect and distribute property taxes to the county's funds as well as to other governments within the county. When this occurs, the portion of the clearing account balance that pertains to other funds of the county should not be reported in agency funds. Rather, it should be reported as assets in the appropriate funds."

GASB Statement No. 84, *Fiduciary Activities* paragraph 1 states, "The principal objective of GASB Statement 84 is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries."

The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities

GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.16 states:

> *Objectives of an Entity*
> Management, with oversight by an oversight body, sets objectives to meet the entity's mission, strategic plan, and goals and requirements of applicable laws and regulations. Management sets objectives before designing an entity's internal control system. Management may include setting objectives as part of the strategic planning process.

Additionally, Principle 13 – Use of Quality Information states:

> *Identification of Information Requirements*
> 13.02 – Management designs a process that uses the entity's objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks. Information requirements consider the expectations of both internal and external users. Management defines the identified information requirements at the relevant level and requisite specificity for appropriate personnel.
>
> *Data Processed into Quality Information*
> 13.05 – Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information. Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.

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 2021-001 — Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement – Coronavirus Relief Fund

FEDERAL AGENCY: U.S. Department of the Treasury
ASSISTANCE LISTING: 21.019
FEDERAL PROGRAM NAME: Coronavirus Relief Fund
FEDERAL AWARD NUMBER: SLT0259
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $36,344,500

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Oklahoma County has not established procedures to ensure compliance with the following Subrecipient Monitoring requirements:

- Identify the award and applicable requirements to the subrecipients.
- Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate Subrecipient Monitoring related to the subaward (2 CFR section 200.332(b)).
- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)).

Further, when performing tests over compliance of the federal grant, it was noted that the County did not perform any Subrecipient Monitoring procedures. In addition, subaward agreements were not designed to ensure the subrecipients understand and use the funds in accordance with federal regulations, and terms and conditions of the subaward.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County is in compliance with federal laws and regulations and grant agreements

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

Recommendation: OSAI recommends the County comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.

Management Response:
Chairman, Board of County Commissioners: It is our belief that the resolution agreement and discussions with the authorities that managed the funds and acted as the subrecipients fully understood to follow the federal guidelines.

The subrecipients did give the Board occasional updates and progress reports. For any further activities the Board will require agreements that note monitoring and compliance with such agreements.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

> *Objectives of an Entity – Compliance Objectives*
> Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

2 CFR § 200.303(a) *Internal Controls* reads as follows:

> The non-Federal entity must:
> Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR § 200.332 states:

> All pass-through entities must:
>
> (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward…
>
> (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate Subrecipient Monitoring described in paragraphs (d) and (e) of this section, …
>
> (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.
>
> (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the

terms and conditions of the subaward; and that subaward performance goals are achieved. ...

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals.

(f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of this part and in program regulations.

Finding 2021-002 - Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement – Emergency Rental Assistance Program

FEDERAL AGENCY: U.S. Department of the Treasury
ASSISTANCE LISTING: 21.023
FEDERAL PROGRAM NAME: Emergency Rental Assistance Program
FEDERAL AWARD NUMBER: ERA0408
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $8,136,187

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Oklahoma County has not established procedures to ensure compliance with the following Subrecipient Monitoring requirements:

- Identify the award and applicable requirements to the subrecipients.
- Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate Subrecipient Monitoring related to the subaward (2 CFR section 200.332(b)).
- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)).

Further, when performing tests over compliance of the federal grant, it was noted that the County did not perform any Subrecipient Monitoring procedures. In addition, subaward agreements were not designed to

ensure the subrecipients understand and use the funds in accordance with federal regulations, and terms and conditions of the subaward.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County is in compliance with federal laws and regulations and grant agreements.

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

Recommendation: OSAI recommends the County comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.

Management Response:
Chairman, Board of County Commissioners: It is our belief that the resolution agreement and discussions with the authorities that managed the funds and acted as the subrecipients fully understood to follow the federal guidelines.

The subrecipients did give the Board occasional updates and progress reports. For any further activities the Board will require agreements that note monitoring and compliance with such agreements.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

> *Objectives of an Entity – Compliance Objectives*
> Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

2 CFR § 200.303(a) *Internal Controls* reads as follows:

> The non-Federal entity must:
> Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR § 200.332 states:

> All pass-through entities must:
>
> (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data

elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward…

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate Subrecipient Monitoring described in paragraphs (d) and (e) of this section, …

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. ...

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals

(f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of this part and in program regulations.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

BRIAN MAUGHAN
COUNTY COMMISSIONER
Oklahoma County District Two

Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2021

Finding No. (Prior Year Finding No. if Applicable, Including Not Previously Reported Prior Year Finding)	Audit Finding	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-003	Financial- Lack of Internal Controls Over Business Continuity Plan (Repeat Finding- 2018-009, 2019-010 and 2020-007)	The Board of County Commissioners passed an agenda item to update the County's Business Continuity Plan and will continue to review updates. The Budget Board passed an agenda item to update and submit the County's Business Continuity Plan.	December 31, 2022	Brian Maughan, Chairman BOCC
2021-007	Financial- Lack of Internal Controls Over the Financial Statement – Custodial Funds	The Oklahoma County Clerk's Office will work with county departments to develop procedures to ensure that the Custodial amounts on the Financial Statements are identified and reported correctly.	December 31, 2022	Danny Lambert, County Clerk
2021-001	21.019- Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement – COVID-19 Coronavirus Relief Fund	It is our belief that the resolution agreement and discussions with the authorities that managed the funds and acted as the subrecipients fully understood to follow the federal guidelines. The subrecipients did give the Board occasional updates and progress reports. For any further activities the Board will require agreements that note monitoring and compliance with such agreements.	December 31, 2022	Brian Maughan, Chairman BOCC
2021-002	21.023- Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement – Emergency Rental Assistance Program	It is our belief that the resolution agreement and discussions with the authorities that managed the funds and acted as the subrecipients fully understood to follow the federal guidelines. The subrecipients did give the Board occasional updates and progress reports. For any further activities the Board will require agreements that note monitoring and compliance with such agreements.	December 31, 2022	Brian Maughan, Chairman BOCC

321 Park Avenue, Suite 901 • Oklahoma City, OK 73102
Telephone (405) 713-1502 • Fax (405) 713-2240 • www.oklahomacounty.org/district2/

APPENDIX B

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

(Prepared by County Management)

BRIAN MAUGHAN
COUNTY COMMISSIONER
Oklahoma County District Two

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 20

FINANCIAL AUDIT FINDINGS

Finding 2020-007 (Repeat Finding-2018-009,2019-010)
Inadequate Internal Controls Over Business Continuity Plan
Finding Summary: 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.

Status: Partially Corrected. The Board of County Commissioners passed an agenda item to update County's Business Continuity Plan and will continue to review updates.

FEDERAL AUDIT FINDINGS

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: National Highway Transportation Safety Administration
Assistance Listing No: 20.600
Federal Program Name: State and Community Highway Safety
Federal Grant 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-
Finding Summary: 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.

Status: Fully Corrected.

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