OKLAHOMA COUNTY SINGLE AUDIT REPORT

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

SINGLE AUDIT REPORT
OKLAHOMA COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector
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June 10, 2024

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, 2022. 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).

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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, 2022

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	26500		$ 45,286
National School Lunch Program	*	10.555	26500		86,290
Total U.S. Department of Agriculture					131,576
U.S. DEPARTMENT OF INTERIOR					
Direct Grant:					
Payments in Lieu of Taxes		15.226			15,894
Total U.S. Department of Interior					15,894
U.S. DEPARTMENT OF JUSTICE					
Office of Justice Programs					
Direct Grants:					
COVID-19 Coronavirus Emergency Supplemental Funding Program		16.034	2020-VD-BX-0202		11,250
National Criminal History Improvement Program (NCHIP)		16.554	2019-MU-BX-K		176,165
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2018-DJ-BX-0836		50,724
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2019-DJ-BX-0574		74,496
Total Office of Justice Programs					312,635
Office of Criminal Division					
Direct Grant:					
Equitable Sharing Program		16.922			35,840
Total U.S. Department of Justice					348,475
U.S. DEPARTMENT OF TRANSPORTATION					
National Highway Traffic Safety Administration (NHTSA)					
Passed Through the Oklahoma Highway Safety Office:					
Minimum Penalties for Repeat Offenders for Driving While Intoxicated		20.608	PT-21-03-20-14		67,378
Minimum Penalties for Repeat Offenders for Driving While Intoxicated		20.608	PT-22-03-20-15		169,665
Total U.S. Department of Transportation					237,043

*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, 2022

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 TREASURY				
Direct Grant:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0259	176,562	6,767,361
COVID-19 Emergency Rental Assistance Program	21.023	ERAE0514/ERAE0418	13,241,928	13,241,928
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP3722		549,000
Total U. S. Department of Treasury			13,418,489	20,558,289
U.S. DEPARTMENT OF HOMELAND SECURITY				
Office of Federal Emergency Management Agency (FEMA)				
Passed Through the Oklahoma Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4575-DR-OK		2,134,096
Hazard Mitigation Grant	97.039	4299-0050-OK		2,430,362
Hazard Mitigation Grant	97.039	FEMA-4222-DR-OK		675,890
Passed Through the Oklahoma Department of Homeland Security:				
Emergency Management Performance Grants	97.042			18,188
State Homeland Security Program (SHSP)	97.073	1030.05		6,214
Total U.S. Department of Homeland Security				5,264,750
Total Expenditures of Federal Awards				$ 26,556,027

*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 $7,221 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

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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

Qualified and Unmodified Opinions

We have audited Oklahoma County's, compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on Coronavirus Relief Fund and Emergency Rental Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Oklahoma County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus Relief Fund and the Emergency Rental Assistance Program for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Oklahoma County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oklahoma County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oklahoma County's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Coronavirus Relief Fund and Emergency Rental Assistance Program

As described 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
2022-001	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2022-002	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.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Oklahoma County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oklahoma County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Oklahoma County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oklahoma County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Oklahoma County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Oklahoma County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Oklahoma County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Oklahoma County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Oklahoma County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Oklahoma County's response was not subjected

to the other auditing procedures applied in the audit of 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, 2022, and the related notes to the financial statements, which collectively comprise Oklahoma County's basic financial statements. We issued our report thereon dated November 14, 2023, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on 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

May 20, 2024, except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is November 14, 2023.

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

Noncompliance material to the financial statements noted? ..... Yes

For fiscal year 2022, the Annual Comprehensive Financial Report for Oklahoma County for the year ended June 30, 2022, was issued under separate cover dated November 14, 2023.

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 programs:

21.019 – Coronavirus Relief Fund ..... Qualified
21.023 – Emergency Rental Assistance ..... Qualified
97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) ..... 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

Assistance Listing Numbers	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: $796,681

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 2022-002 – Lack of Internal Controls and Noncompliance Over Expenditures

Condition: Upon inquiry and observation of the County's expenditure process and the testwork performed, the following was noted:

General Fund: For our sample of 83 of the 5,244 expenditures:
- Three (3) expenditures totaling $122,914 were not timely encumbered.
- One (1) additional expenditure totaling $55,911 was not charged to the proper account, was not timely encumbered, and was not charged to the proper period.

Highway Cash Fund: For our sample of 50 of the 3,982 expenditures:
- Three (3) expenditures totaling $340,398 were not timely encumbered.

Special Projects Fund: For our sample of 30 of the 30 expenditures:
- One (1) expenditure totaling $870 was not charged to the proper period and was not timely encumbered.
- Three (3) additional expenditures totaling $51,390 were not timely encumbered.

Non-Major Funds: For our sample of 126 of the 2,779 expenditures:
- Eleven (11) expenditures totaling $538,520 were not timely encumbered.
- Four (4) additional expenditures totaling $61,919 were not timely encumbered and were not charged to the proper period.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the expenditure process to ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in inaccurate records, incomplete information, and/or misappropriation of assets.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends that the County adhere to state statutes that govern expenditure processes. Purchase orders should be encumbered before goods or services are ordered. All purchases should be properly requisitioned, encumbered, approved, and reviewed with proper supporting documentation attached.

Additionally, OSAI recommends goods or services be paid for from funds designated for use in fiscal year during which the goods or services were obtained and from the proper fund designated for such expenditure purpose.

Management Response:
Chairman of the Board of County Commissioners: Oklahoma County will adhere to the state purchasing guidelines and design and implement policies and procedures to provide adequate internal controls and compliance with established purchasing procedures.

Criteria: 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 quasi-governmental entities.

The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

> *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.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

Title 62 O.S. § 310.4 states in part, "All unencumbered balances, if any, … on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next[...] Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year."

Finding 2022-006 – Lack of Internal Controls Over Business Continuity Plan (Repeat Finding – 2018-009, 2019-010, 2020-007 and 2021-003)

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: 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 of the Board of County Commissioners: At the September 5, 2023, Board of County Commissioners (BOCC) meeting, BOCC Chairman and District 2 Commissioner, Brian Maughan led discussion and possible action regarding the Oklahoma County Business Continuity Plan. Commissioner Blumert moved, and Commissioner Davidson seconded, to direct department heads to submit their Business Continuity Plans to Mr. Barnes, Emergency Management Director, as soon as possible. The motion carried by the following vote: Aye:3 – Maughan, Blumert and Davidson. In addition, Commissioner Maughan contacted each county elected official and requested their Business Continuity Plan to be shared with Mr. Barnes in Emergency Management.

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 2022-008 – Noncompliance of Management Override of Controls – Disbursement Process

Condition: Oklahoma state statutes require a purchase order or blanket purchase order to be used at the time of purchase, and funds must be encumbered from a pre-determined fund/account to pay a vendor for a specific purpose. If it is determined that more funds were encumbered than necessary, a change order can be performed to decrease the balance to zero. The remaining balance will then be unencumbered and available for other needs within that fund/account. At the end of the year, if the funds are from a budgeted account, the unencumbered funds will no longer be available. The funds will be included in the available budget for the next fiscal year.

On July 2, 2019, blanket purchase order (PO) # 22000485 was encumbered from the Information and Technology account within the General Fund for $522,655 to pay Vendor 1 for maintenance and support for the financial system for FY20. The County determined that there was an excess of funds encumbered on this blanket PO, so on July 1, 2021, during executive session of the BOCC meeting, the board unanimously voted to "direct the County Clerk to pay [Vendor 2] from an outstanding PO to [Vendor 1] from FY2020." On the same day as the BOCC meeting, the vendor's name was *manually changed* in the Oklahoma County financial software system along with a note saying, "Vendor name change approved by BOCC 07-01-21."

On July 13, 2021, an invoice for Vendor 2, in the amount of $55,911 for attorney fees, was posted to the Oklahoma County financial software system to blanket PO # 22000485 on the Information and Technology account within the General Fund. This invoice was dated July 20, 2020, but services on the invoice dated back to January 2, 2020. The invoice was paid on July 19, 2021. Invoices from Vendor 2 have historically

been paid from the General Government account within General Fund; however, as noted blanket PO #22000485 was originally encumbered from the Information Technology account.

Based on this information it appears:

- The BOCC directed the County Clerk to override controls within the County's financial software system as provided for in state statutes.
- The funds used to pay for services rendered by Vendor 2 were not encumbered in a timely manner.
- The funds used to pay Vendor 2 for Non-Information Technology purposes were paid from prior year funds and from an account within the General Fund budgeted for Information Technology expenditures.

Cause of Condition: Management overrode established policies and procedures over expenditures, and contrary to governing statutes, changed the vendor on the original blanket purchase order, paid invoices from a prior year and for a different budgeted expenditure account purpose. Policies and procedures have not been designed and implemented to provide adequate internal controls to ensure that encumbered funds are being used as originally intended and in compliance with governing statutes.

Effect of Condition: These conditions resulted in noncompliance of state statutes. Further, these conditions could also result in inaccurate records, incomplete information, misappropriation of assets and/or fraud.

Recommendation: OSAI recommends that the County adhere to established policies and procedures to ensure state statutes are being followed. All purchases should be paid to the correct vendor, for the correct year and from the correct budgeted expenditure account.

Further, in order to ensure an adequate system of internal controls it is necessary management not override established controls.

Management Response:
Chairman of the Board of County Commissioners: Oklahoma County will design and implement policies and procedures to provide adequate internal controls to ensure that purchase orders are being paid to the correct vendor, in the correct year and from the correct department account.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

> *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.

The GAO Standards – Principle 10 – Design Control Activities at Various Levels – Section 10.09 states:

> Entity-level controls are controls that have a pervasive effect on an entity's internal control system and may pertain to multiple components. Entity-level controls may include controls related to the entity's risk assessment process, control environment, service organizations, management override, and monitoring.

Title 62 O.S. § 310.4 states in part, "All unencumbered balances, if any, … on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next[...]Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year."

Title 62 O.S. § 310.8 (B), which requires blanket purchase orders to be prepared, filed, and encumbered in the manner provided for purchase orders and as authorized by law or regulation, except no written requisition shall be required for a blanket purchase order.

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 2022-010 – Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement –Coronavirus Relief Fund (Repeat Finding - 2021-001)

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: $176,562

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Oklahoma County has not established the following procedures to ensure compliance with the 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 complies 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 of the Board of County Commissioners: Oklahoma County will comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.

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 2022-011 – Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement – Emergency Rental Assistance Program (Repeat Finding – 2021-002)

FEDERAL AGENCY: U.S. Department of the Treasury
ASSISTANCE LISTING: 21.023
FEDERAL PROGRAM NAME: Emergency Rental Assistance Program
FEDERAL AWARD NUMBER: ERAE0514, ERAE0418
FEDERAL AWARD YEAR: 2022
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $13,241,928

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Oklahoma County has not established the following procedures to ensure compliance with the 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 complies 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 of the Board of County Commissioners: Oklahoma County will comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.

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 2022-012 – Noncompliance with Period of Performance Requirement – Disaster Grants - Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management
FEDERAL AGENCY: U.S. Department of Homeland Security
ASSISTANCE LISTING NO: 97.036
FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
FEDERAL AWARD NUMBER: FEMA-4575-DR-OK
FEDERAL AWARD YEAR: 2022
CONTROL CATEGORY: Period of Performance
QUESTIONED COSTS: $0

Condition: During the testing of 100% of federal projects of the ALN# 97.036 for compliance with the Period of Performance compliance requirements, the following was noted:

- Of the three (3) federal projects tested, one (1) was not completed within the allowable period.

Cause of Condition: The County did not follow their policies and procedures over the Period of Performance compliance requirement.

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

Recommendation: OSAI recommends the County follow their policies and procedures to ensure compliance with the federal laws and regulations regarding Period of Performance.

Management Response:
Chairman of the Board of County Commissioners: Oklahoma County will design and implement internal control procedures to ensure that all period of performance requirements are met.

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.

In addition, *Public Assistance Program and Policy Guide, Version 4, Chapter 11, Section V – Work Completion Deadlines* states in part:

> "The deadline for Emergency Work is 6 months from the declaration date. The deadline for Permanent Work is 18 months from the declaration date."

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, 2022

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-002	Financial – Lack of Internal Controls and Noncompliance Over Expenditures	Oklahoma County will adhere to the state purchasing guidelines and design and implement policies and procedures to provide adequate internal controls and compliance with established purchasing procedures.	6/30/2024	Brian Maughan, BOCC Chairman
2022-006	Financial - Lack of Internal Controls Over Business Continuity Plan (Repeat Finding – 2018-009, 2019-010, 2020-007 and 2021-003)	At the September 5, 2023, Board of County Commissioners meeting Brian Maughan, County Commissioner District 2, and Chairman, led discussion and possible action regarding the Oklahoma County Business Continuity Plan. Commissioner Blumert moved, and Commissioner Davidson seconded, to direct department heads to submit their business continuity plans to Mr. Barnes as soon as possible. The motion carried by the following vote: Aye:3 – Maughan, Blumert and Davidson. In addition, Commissioner Maughan contacted each county elected official and requested their Business Continuity Plan to be shared with Mr. Barnes in Emergency Management.	6/30/2024	Brian Maughan, BOCC Chairman
2022-008	Financial – Noncompliance of Management Override of Controls – Disbursement Process	Oklahoma County will adhere to the state purchasing guidelines and design and implement policies and procedures to provide adequate internal controls and compliance with established purchasing procedures.	6/30/2024	Brian Maughan, BOCC Chairman
2022-010	21.019 - Lack of Internal Controls and Noncompliance	Oklahoma County will comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is	6/30/2024	Brian Maughan, BOCC Chairman

	with Subrecipient Monitoring Requirement – Coronavirus Relief Fund (Repeat Finding - 2021-001)	performed.		
2022-011	21.023 - Lack of Internal Controls and Noncompliance with Subrecipient Monitoring Requirement – Emergency Rental Assistance Program (Repeat Finding – 2021-002)	Oklahoma County will comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.	6/21/2023	Brian Maughan, BOCC Chairman
2022-012	97.036 - Noncompliance with Period of Performance Requirement – Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Oklahoma County will design and implement internal control procedures to ensure that all period of performance requirements are met.	Completed and approved at BOCC on 3/27/2024	Brian Maughan, BOCC Chairman

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, 2022

FINANCIAL AUDIT FINDINGS

Finding 2018-009, 2019-010, 2020-007, 2021-003
Lack of 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: Not Corrected - At the September 5, 2023, Board of County Commissioners meeting Brian Maughan, County Commissioner District 2, and Chairman, led discussion and possible action regarding the Oklahoma County Business Continuity Plan. Commissioner Blumert moved, and Commissioner Davidson seconded, to direct department heads to submit their business continuity plans to Mr. Barnes as soon as possible. The motion carried by the following vote: Aye:3 – Maughan, Blumert and Davidson. In addition, Commissioner Maughan contacted each county elected official and requested their Business Continuity Plan to be shared with Mr. Barnes in Emergency Management.

Finding 2021-007
Lack of Internal Controls Over the Financial Statement - Custodial Funds
Finding Summary: 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.
Status: Fully Corrected

FEDERAL AUDIT FINDINGS

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 No: 21.019
Federal Program Name: Coronavirus Relief Fund
Federal Grant Award Number: SLT0259
Federal Award Year: 2021
Control Category: Subrecipient Monitoring
Questioned Costs: $36,344,500
Finding Summary: 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.
Status: Not corrected - Oklahoma County will comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.

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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 No: 21.023
Federal Program Name: Emergency Rental Assistance Program
Federal Grant Award Number: ERA0408
Federal Award Year: 2021
Control Category: Subrecipient Monitoring
Questioned Costs: $8,136,187
Finding Summary: 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.
Status: Not corrected - Oklahoma County will comply with federal laws and regulations and grant agreements by creating award agreements that are designed and implemented to ensure Subrecipient Monitoring is performed.

Cindy Byrd, CPA | State Auditor & Inspector
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