

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL AWARDS,
REPORTS ON INTERNAL CONTROL AND COMPLIANCE
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
REPORTS ON INTERNAL CONTROL AND COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

March 29, 2005

TO THE CITIZENS OF
OKLAHOMA COUNTY, OKLAHOMA

Transmitted herewith are the Single Audit Reports and the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* of Oklahoma County, Oklahoma, for the fiscal year ended June 30, 2004. Our report on the audited financial statements was issued under separate cover. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

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

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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Schedule of Expenditures of Federal Awards

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Oklahoma Department of Education:			
National School Breakfast Program	10.553	N/A	\$ 36,480
National School Lunch Program	10.555	N/A	55,904
Total U.S. Department of Agriculture			<u>92,384</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct:			
Payment in Lieu of Taxes	15.226	N/A	7,116
Total U.S. Department of Interior			<u>7,116</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct:			
Local Law Enforcement Block Grant	16.592	2003-LBBX-1917	7,300
Local Law Enforcement Block Grant	16.592	2002-LBBX-2588	136,720
Local Law Enforcement Block Grant	16.592	2001-LBBX-3422	58,469
Total Local Law Enforcement Block Grant	16.592		<u>202,489</u>
State Criminal Alien Assistance Program	16.606	2003-APBX-0701	82,314
Community Oriented Policing Services (COPS)	16.710	2002-SHWX-0720	34,801
Community Oriented Policing Services (COPS)	16.710	2001-SHWX-0630	231,747
Community Oriented Policing Services (COPS)	16.710	2000-SHWX-0147	75,442
Community Oriented Policing Services (COPS)	16.710	2000-CKWX-0184	3,756
Total Community Oriented Policing Services (COPS)	16.710		<u>345,746</u>
Passed Through Oklahoma Office of Juvenile Affairs:			
Juvenile Accountability Incentive Block Grant Program	16.253	02-JAIBG-08	44,595
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	2002-PV-09-11	20,332
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	2003-MO-10-50	191,714
Total Juvenile Justice and Delinquency Prevention-Allocation to States	16.540		<u>212,046</u>
Passed Through National Court Appointed Special Advocate Association:			
Victims of Child Abuse	16.547	N/A	39,000
Passed Through Oklahoma District Attorneys Council:			
Crime Victim Assistance	16.575	N/A	56,901
Byrne Formula Grant Program	16.579	D03-033	43,627
Byrne Formula Grant Program	16.579	D02-1132	3,071
Byrne Formula Grant Program	16.579	D02-1133	10,420
Residential Substance Abuse Treatment Program	16.579	R03-003	29,822
Total Byrne Formula Grant Program	16.579		<u>86,940</u>
Passed Through City of Oklahoma City:			
Executive Office for Weed and Seed	16.595	N/A	15,000
Passed Through Oklahoma Highway Safety Office:			
Enforcing Underage Drinking Laws Program	16.727	99AHFX004003H	16,183
Enforcing Underage Drinking Laws Program	16.727	99AHFX001204D	10,894
Total Enforcing Underage Drinking Laws Program	16.727		<u>27,077</u>
Passed Through Oklahoma Department of Corrections:			
Offender Reentry Program	16.202	N/A	51,614
Total U.S. Department of Justice			<u>1,163,722</u>

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct:			
Welfare-to Work Grants to States and Localities	17.253	Y78639008160	323,897
Passed Through City of Oklahoma City Office of Workforce Development:			
WIA Cluster			
WIA Adult Program	17.258	N/A	225,361
WIA Youth Activities	17.259	N/A	280,609
WIA Dislocated Workers	17.260	N/A	696,405
Total WIA Cluster			1,202,375
Total U.S. Department of Labor			1,526,272
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	QN-04-03-02-01	103,125
State and Community Highway Safety	20.600	PT-03-03-09-06	34,545
Total State and Community Highway Safety	20.600		137,670
Total U.S. Department of Transportation			137,670
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	N/A	12,611
Hazard Mitigation Grant	83.548	N/A	37,328
Hazard Mitigation Grant	83.548	N/A	75,000
Total Hazard Mitigation Grant	83.548		112,328
Emergency Management Performance Grant	83.552	N/A	33,020
State and Local All Hazards Emergency Operations Planning	83.562	N/A	18,497
Total Federal Emergency Management Agency			176,456
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through City of Oklahoma City Office of Workforce Development:			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	56,857
Passed Through Oklahoma Department of Human Services:			
Foster Care: Title IV-E	93.658	N/A	250,123
Total U.S. Department of Health and Human Services			306,980
Total Expenditures of Federal Awards			\$ 3,410,600

OKLAHOMA COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2004

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards has been prepared in conformity with the requirements set forth in the Single Audit Act of 1984, Public Law 98-502, the Single Audit Act Amendments of 1996, Public Law 104-156 and the Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity is the primary government of Oklahoma County as presented in the Comprehensive Annual Financial Report (CAFR).

B. Basis of Presentation

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

**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***



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

TO THE OFFICERS OF
OKLAHOMA COUNTY, OKLAHOMA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oklahoma County, Oklahoma, as of and for the year ended June 30, 2004, which collectively comprise Oklahoma County's basic financial statements, and have issued our report thereon dated December 22, 2004. We did not audit the financial statements of the Oklahoma County Public Buildings Authority, which represent one-hundred percent of the assets and revenues of the business-type activities; the financial statements of the Oklahoma County Finance Authority, which represent one-hundred percent of the assets and revenues of the aggregate discretely presented component units; and the financial statements of the defined benefit pension plan of the Employee's Retirement System of Oklahoma County, which represent twenty-five percent of the assets and additions of the pension trust funds, presented in the statement of fiduciary net assets and the statement of changes in fiduciary net assets. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the business-type activities, the discretely presented component unit, and the defined benefit pension plan of the Employee's Retirement System of Oklahoma County, are based solely on the reports of the other auditors. Our report describes certain responsibilities of the State Auditor and Inspector other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oklahoma County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

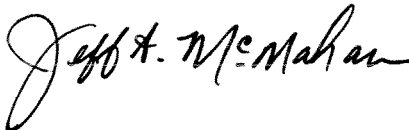
As part of obtaining reasonable assurance about whether Oklahoma County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

December 22, 2004

**Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133**

TO THE OFFICERS OF
OKLAHOMA COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Oklahoma County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. 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. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Oklahoma County's management. Our responsibility is to express an opinion on Oklahoma County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oklahoma County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on Oklahoma County's compliance with those requirements.

In our opinion, Oklahoma County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Oklahoma County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oklahoma County's internal control over

compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Oklahoma County, Oklahoma, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2004. We did not audit the financial statements of the Oklahoma County Public Buildings Authority, which represent one-hundred percent of the assets and revenues of the business-type activities; the financial statements of the Oklahoma County Finance Authority, which represent one-hundred percent of the assets and revenues of the aggregate discretely presented component units; and the financial statements of the defined benefit pension plan of the Employee's Retirement System of Oklahoma County, which represent twenty-five percent of the assets and additions of the pension trust funds, presented in the statement of fiduciary net assets and the statement of changes in fiduciary net assets. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the business-type activities, the discretely presented component unit, and the defined benefit pension plan of the Employee's Retirement System of Oklahoma County, are based solely on the reports of the other auditors. Our report describes certain responsibilities of the State Auditor and Inspector other than audit responsibilities. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahán". The signature is written in a cursive style with a prominent loop at the end of the last name.

JEFF A. McMAHAN
State Auditor and Inspector

March 9, 2005, except for the Report on the Schedule of Expenditures of Federal Awards, as to which the date is December 22, 2004.

Schedule of Findings and Questioned Costs

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004**

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	WIA Cluster
17.259	WIA Adult Program
17.260	WIA Youth Activities
	WIA Dislocated Workers

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

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

Auditee qualified as low-risk auditee? Yes

SECTION 2 – Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

No matters were reported.

SECTION 3 - Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

No matters were reported.

Schedule of Prior Year Findings and Questioned Costs

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

Finding 2003-1 - Record Retention FEMA Disaster 1355 Emergency Management

Criteria: FEMA Publication No. 321, *Public Assistance Policy Digest* requires all FEMA related records be retained for a period of "three years after final payment."

Condition: The FEMA disaster assistance records at Districts 1 and 3 were incomplete.

1. District 1 had no records or files of project worksheets, no final printouts from ODCEM, no copy of the certification report to ODCEM, and had to go to storage to retrieve purchase orders related to the repairs of the ice storm damage.
2. District 3 had some records of preliminary project worksheets on damage sites and some logs of personnel and equipment used, but no final printouts from ODCEM, no copy of the certification report to ODCEM, and no copies of purchase orders related to the repairs of ice storm damage.

Final payment was received in January 2003. The record retention requirement would not expire until January 2006.

Recommendation: The Board of County Commissioners should review and evaluate its policies and procedures for its record keeping on FEMA Public Assistance projects. Additional work should be done to collect and reliably file the FEMA records for Disaster #1355.

Corrective Action: The County has discussed this matter with the Oklahoma Department of Civil Emergency Management and has passed final inspection. Corrective action was taken.

Finding 2003-2 - Equipment and Real Property Management Sheriff

Criteria: The OMB Compliance Supplement, Part F requires that equipment and real property funded or partially funded by Federal funds must have fixed asset records that indicate the amount or percentage of Federal funding. This information is necessary because some Federal rules and regulations may still apply when the equipment items are disposed.

Condition:

1. The County's new equipment inventory form has blanks to indicate the amount of Federal funds, the Federal contract number and the Catalog of Domestic Assistance (CFDA) number. However, the Sheriff's inventory officer is using the "remarks" line to indicate the Federal contract number only, leaving off the amount or percentage and the CFDA number.
2. The Sheriff's office has its own internal system for equipment inventory. We noted some of the internal computer system records recorded the Federal information, while other computer records omitted the Federal information for LLEBG funded equipment.

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

Recommendation: We recommend the equipment inventory sheet be used as designed and all Federal information is included on the manual and computer records. Records of equipment to be disposed, traded, or sold should be checked for Federal funding and related rules and regulations prior to disposal.

Corrective Action: Corrective action has been taken. The Sheriff's Office implemented a new inventory sheet and are reviewing and updating computer records to capture all required information to assure items purchased with Federal funds are properly accounted for.