

**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, 2006**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

February 28, 2007

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, 2006. 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
REVISED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006

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:			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 39,192
National School Lunch Program	10.555	N/A	65,753
Total U.S. Department of Agriculture			<u>104,945</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Oklahoma City Housing Authority:			
Resident Opportunity and Supportive Services - Homeownership & Family	14.870	N/A	65,727
Total U.S. Department of Housing and Urban Development			<u>65,727</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct:			
Payments in Lieu of Taxes	15.226	N/A	7,883
Total U.S. Department of Interior			<u>7,883</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct:			
Anti-Gang Initiative	16.744	N/A	20,316
Local Law Enforcement Block Grant Program	16.592	2003-LBBX1917	112,894
State Domestic Preparedness Equipment Support Program	97.004	32.11	709,466
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2002-SHWX-0720	39,518
Passed Through Oklahoma Department of Corrections:			
Prisoner Reentry Initiative Demonstration	16.202	N/A	65,447
Prisoner Reentry Initiative Demonstration	16.202	N/A	1,400
Total CFDA # 16.202			<u>66,847</u>
Passed Through Oklahoma Office of Juvenile Affairs:			
Juvenile Accountability Incentive Block Grants	16.523	2003-PV-09-14	3,363
Passed Through National Court Appointed Special Advocate Association:			
Victims of Child Abuse	16.547	N/A	40,000
Passed Through Oklahoma District Attorneys Council:			
Crime Victim Assistance	16.575	N/A	56,901
Edward Byrne Memorial Formula Grant Program	16.579	D04-034	24,572
Total U.S. Department of Justice			<u>1,073,877</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed Through City of Oklahoma City Office of Workforce Development:			
WIA Cluster			
WIA Adult Program	17.258	N/A	728,620
WIA Youth Activities	17.259	N/A	511,855
WIA Dislocated Workers	17.260	N/A	226,791
Total U.S. Department of Labor			<u>1,467,266</u>

The accompanying notes are an integral part of this schedule.

**OKLAHOMA COUNTY, OKLAHOMA
REVISED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Oklahoma Highway Safety Office:			
Highway Planning & Construction	20.205	QN5-05-03-02-02	54,864
State and Community Highway Safety	20.600	PT-06-03-17-03	73,995
Total U.S. Department of Transportation			<u>128,859</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	25,401
Emergency Management Performance Grants	97.042	N/A	21,982
Total Emergency Management Performance Grants			<u>47,383</u>
Hazard Mitigation Grant	97.039	N/A	129,950
State and Local All Hazards Emergency Operations Planning	97.051	N/A	4,400
Total Federal Emergency Management Agency			<u>181,733</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Oklahoma Department of Human Services:			
Food Donation	10.550	N/A	4,682
Total U.S. Department of Health and Human Services			<u>4,682</u>
Total Expenditures of Federal Awards			<u>\$ 3,034,972</u>

The accompanying notes are an integral part of this schedule.

**OKLAHOMA COUNTY, OKLAHOMA
REVISED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

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.

2. Revised Schedule of Expenditures of Federal Awards

The Foster Care Title IV-E Grant, CFDA #93.658, which passed through the Oklahoma Department of Human Services, was included in the Schedule of Expenditures of Federal Awards and should not have been.

The accompanying notes are an integral part of this schedule.

**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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Oklahoma County, Oklahoma, as of and for the year ended June 30, 2006, which collectively comprise Oklahoma County's basic financial statements, and have issued our report thereon dated January 10, 2007. We did not audit the financial statements of the Oklahoma County Public Buildings Authority, the financial statements of the Oklahoma County Finance Authority, and the financial statements of the pension trust funds of Oklahoma County. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities, the discretely presented component unit, and the pension trust funds included in the aggregate remaining fund information of Oklahoma County, is based solely on the reports of the other auditors. 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 opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Oklahoma County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1, 2006-2, 2006-3, 2006-4, and 2006-5.

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 statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and,

accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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*.

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN
State Auditor and Inspector

January 10, 2007

**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, 2006. 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, 2006.

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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention

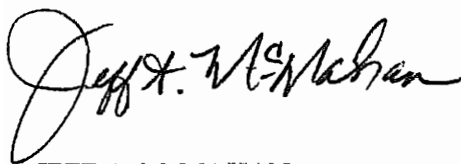
relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Oklahoma County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-6.

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 the 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Oklahoma County, Oklahoma as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 10, 2007. We did not audit the financial statements of the Oklahoma County Public Buildings Authority, the financial statements of the Oklahoma County Finance Authority and the financial statements of the pension trust funds of Oklahoma County. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as they relate to the amounts included for the business-type activities, the aggregate discretely presented component unit, and the pension trust funds included in the aggregate remaining fund information of Oklahoma County, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Oklahoma County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN
State Auditor and Inspector

January 10, 2007

Schedule of Findings and Questioned Costs

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

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? Yes

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)? Yes

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of Major Programs

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

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

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*

Finding 2006-1 – Payroll Internal Controls

Criteria: A component objective of an adequate internal control system is to provide accurate and reliable information. Internal controls are designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions.

Condition: During the review of internal controls for processing payroll, we noted several weaknesses:

- 1) Each department submits a monthly payroll claim and controls are not in place to verify the accuracy of the payroll calculations that have been submitted by each individual department.
- 2) No controls are in place to check the accuracy of the leave balances submitted for payment by each individual department when an employee has been terminated.

Cause: Internal controls to ensure that payroll calculations and/or transactions are checked for accuracy, completeness, and authorization are either not in place or are not operating.

Effect: Due to inadequate implementation of internal controls and lack of payroll computer programs, errors or irregularities may occur resulting in additional liability for payroll expense and leave benefits being paid and not detected.

Recommendation: We recommend Oklahoma County implement and enforce controls that will ensure that all payroll calculations and/or transactions, which are submitted by each department, are properly checked for accuracy, completeness, and authorization. Our recommendation includes creating a centralized payroll department that has use of an automated integrated payroll system that will detect most inaccuracies that are repeatedly occurring.

Finding 2006-2 - Inventory – MIS Department

Condition: During documentation of controls we noted that the MIS department has not taken an annual inventory to verify and update the capital asset inventory. During testwork we were unable to physically confirm twenty-one (\$2,526,425.56) capital assets existed and five (\$38,546.80) duplicate capital assets were identified on the county inventory officer's subsidiary inventory report. Three (\$51,220.91) assets

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

were listed on the County Clerk's Listing but not on the subsidiary inventory report maintained by the department.

Effect: Without proper documentation and recording of inventory, the inventory may be misstated or misappropriated. We feel that most of the reconciling items of inventory between the MIS records and the official records maintained by the County Clerk are due to the fact that the MIS department is not performing an annual inventory audit of all equipment and properly disposing of equipment that is no longer in service.

Recommendation: We recommend that an annual inventory be conducted and the capital asset subsidiary inventory be reconciled to the County Clerk's capital asset inventory. This would eliminate misstatement of inventory amounts.

Finding 2006-3 - MIS Mission and Goals

Criteria: According to the standards of the IS Audit and Control Association (Cobit) Planning and Organization PO1, senior management is responsible for developing and implementing long and short range goals that fulfill the organization's mission and goals.

Condition: Long range and short range IT plans were requested from BOCC MIS management. Per BOCC MIS management, they do not currently have any long range or short range IT plans.

Effect: Absence of long and short range IT plans could result in inefficient allocation of IT resources or adequate resources may not be available.

Recommendation: Senior management is responsible for developing and implementing long and short range plans that fulfill the organization's mission and goals. Senior management should ensure that plans are developed to help ensure that the use of information technologies are aligned with the mission and business strategies of the organization.

Finding 2006-4 - Cobit Planning and Organization PO6

Criteria: According to the standards of the IS Audit and Control Association (Cobit) Planning and Organization PO6, senior management should ensure that users are aware of their aims and direction by establishing policies and standards and ensuring this information is communicated to the users.

Condition: During our review we found that the BOCC has out-of-date policies and procedures that pertain to MIS. Policies were drafted, but there is no evidence that they were ever approved by the Board.

Effect: Out-of-date policies and procedures increase the risk that critical vulnerabilities are not being identified and not being communicated to the other entities of county government. Also, without being approved by the BOCC, these documents are not considered official.

OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

Recommendation: We recommend the BOCC implement up-to-date policies that coincide with county business. We also recommend that these policies be approved by the BOCC in a meeting and be applied county wide. Policies and procedures should be reviewed annually to assess their adequacy and appropriateness. Management should also provide a framework and process for the periodic review and approval of standards, policies, directives, and procedures.

Finding 2006-5 - User Account Management

Criteria: Cobit 4 DS-5.4, User Account Management

Ensure that requesting, establishing, issuing, suspending, modifying, and closing user accounts and related user privileges are addressed by user account management. An approval procedure outlining the data or system owner granting the access privileges should be included. These procedures should apply for all users, including administrators, internal and external users, for normal and emergency cases. Rights and obligations relative to access to enterprise systems and information are contractually arranged for all types of users. Perform regular management review of all accounts and related privileges.

Condition: The County has no policy or procedures in place for terminated employees. Two individuals who are no longer employed with the County were not removed from the system in a timely manner. Additionally, department managers are not reviewing user access to determine it is appropriate and/or compatible with employee job description and functions.

Effect: One terminated employee still has application and network access and one employee that had a break in service that was not disabled from the system when she left office still has access. Additionally, there is no review of user access by user department managers periodically to ascertain user access is appropriate and/or compatible with employee job description and functions, or terminated employees still have access.

Recommendation: We recommend the BOCC implement a county wide policy concerning user accounts. The policies should include county wide uniform forms required for new user access, requiring user departments to properly and completely identify the employee job responsibilities and the specific access required to perform those duties. Also, county wide uniform check lists should be required for all terminated employees in order to disable user accounts on the employees last date of work, or before, if termination has resulted in an unpleasant working relationship. These check lists should be completed by the user department and forwarded to MIS in a timely manner.

**OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

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

Finding 2006-6 – Inventory MIS Department

Criteria: The Federal contract states: The Contractor shall maintain an up-to-date inventory of all LEO and Board property in its custody with an individual purchase price of \$500.00 or more, and shall implement adequate maintenance procedures to keep such property in good condition. Further, Contractor shall conduct an annual inventory of equipment and property purchased with LEO and Board funds and submits a list of same to LEO and Board at the end of each fiscal year. All property purchased under this contract shall be returned to LEO and the Board within thirty days after the contract has terminated, unless otherwise authorized by LEO.

Condition: During testwork we were unable to physically locate eight items totaling (\$12,402.00).

Category	Description	Tag Number	Serial Number	Date Purchased	Cost
Data Processing Equipment	AST Bravo Notebook Computer W/Case	CE236-00198	HFSL43AD	11/4/1994	\$ 3,792.00
Data Processing Equipment	Compaq Pentium 133 Desktop	CE236-00282	S6709HVT5P147	5/27/1997	\$ 1,538.00
Data Processing Equipment	Gateway 2000 Computer/Monitor	CE236-00412	14422536	9/7/1999	\$ 874.00
Data Processing Equipment	Gateway 2000 466 MHZ	CE236-00459	18692579	6/30/2000	\$ 1,168.00
Data Processing Equipment	Gateway Computer	CE236-00510	22442834	9/24/2001	\$ 1,436.00
Data Processing Equipment	Gateway PC Professional Computer	CE236-00516	22442834	5/25/2001	\$ 1,436.00
Data Processing Equipment	Gateway 500L PC W/Pentium 4 Processor	CE236-00541	27164132	7/15/2001	\$ 1,461.00
Data Processing Equipment	Baynetwork ISD N Line Router	CE236-00262		12/18/1996	\$ 697.00

Recommendation: We recommend an annual inventory be conducted and reconciled to the County Clerk's Oracle Inventory listing.

Views of responsible officials and planned corrective actions: Equipment referenced in this audit as "unable to physically locate" were sold in the October 2005 County Auction. The vast amount of equipment removed at the time and the process that was used to identify these items resulted in either inventory sheets not being pulled or the item inventory number being omitted from the final list of items submitted to be removed. We are currently taking steps to remove the items identified and have implemented the following processes to ensure a more complete and accurate inventory in the future:

1. Remove items from inventory at the time that it is identified as being salvage or surplus.
2. Complete a full physical inventory noting the location of every item identified on County Inventory.
3. Utilize Receiving/Inventory Report form to track disposition of all inventoried items.
4. Review items when added to County Oracle Inventory to ensure accuracy.
5. Communicate with County Clerk office to correct errors found during the reconciliation process.
6. Enforce existing policy relating to staff's accountability for equipment in their care.

Management Response



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

COMMISSIONERS

JIM ROTH
DISTRICT NO. 1

BRENT RINEHART
DISTRICT NO. 2

RAY VAUGHN
DISTRICT NO. 3

February 21, 2007

Oklahoma State Auditor and Inspector
Attn: Marla Latham
217 N. Harvey, Room 209
Oklahoma City, OK 73102

Re: Response to Auditor's Comments

Dear Ms. Latham:

The Oklahoma County Board of County Commissioners has formally received the findings and recommendations from the Oklahoma State Auditor and Inspector's audit for the fiscal year ended June 30, 2006. The Board is taking action or implementing procedural changes to comply with the Auditor's recommendations as related to reportable findings as detailed below:

Payroll-Internal Controls

The County Clerk's Office has contracted with the Center for Local Government Technology at OSU to perform a system software review of our Oracle Financial System. The review will include payroll system which does not currently utilize Human Resources module. Recommendations are expected to offer strategies for centralization of payroll through use of an automated integrated payroll system which will detect inaccuracies and inconsistencies identified in the auditor's findings.

Inventory-MIS Department

MIS inventory has been reconciled. Reconciliation will be completed on an annual basis.

Oklahoma County MIS Mission and Goals

The Oklahoma County Information Technology Committee, established by the eight county elected officials on January 25, 2007, will begin strategic planning process beginning February 15, 2007. This process will incorporate priorities from all elected officials and will identify mission and goals for the county. Plan document should be available within 30 days.

Letter to Marla Latham, Office of OSA&I
February 21, 2007
Page 2

Cobit Planning and Organization PO6

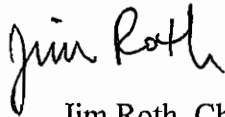
Oklahoma County Information Technology Committee will review county-wide policies and procedures and submit recommendations for revisions to the Board of County Commissioners. Policies, once adopted, will be reviewed annually.

User Account Management

Oklahoma County MIS Department has developed method for identifying new users and/or terminated employees to assure that system access is appropriate. Policy regarding user accounts will be revised in the context of the county-wide policies and procedures review described above.

We wish to take this opportunity to express our appreciation for your cooperation and assistance.

Sincerely,

A handwritten signature in black ink that reads "Jim Roth". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Jim Roth, Chairman
Oklahoma County