

# City of Tulsa, Oklahoma

Compliance Report  
Year Ended June 30, 2018

## Contents

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RSM US LLP

**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***

**Independent Auditor's Report**

To the Honorable Mayor, City Council and  
Audit Committee  
City of Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 the City of Tulsa, Oklahoma (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 25, 2019. The beginning net position of the governmental activities, business-type activities, the aggregate discretely presented component units, the Stormwater Management Fund, the One Technology Center Fund and the aggregate remaining fund information was restated due to the implementation of GASB Statement No. 75 to recognize the total OPEB liability, deferred inflows of resources and deferred outflows of resources. Our report includes a reference to other auditors who audited the financial statements of the Tulsa Industrial Authority, a discretely presented component unit of the City, and the Tulsa Stadium Trust, a blended component unit of the City, as described in our report on the City's financial statements. In addition, other auditors audited the Operations of the BOK Center, as managed by SMG, and the Operations of the Cox Business Center, as managed by SMG, which are included within the Arena and Convention Center major enterprise fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

**City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Kansas City, Missouri  
January 25, 2019



RSM US LLP

**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**

**Independent Auditor's Report**

To the Honorable Mayor, City Council and  
Audit Committee  
City of Tulsa, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited the City of Tulsa, Oklahoma's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Scope**

The City of Tulsa, Oklahoma's basic financial statements include the operations of the Tulsa Airports Improvement Trust (TAIT), Tulsa Development Authority (TDA) and Tulsa Industrial Authority (TIA), discretely presented component units, and Tulsa Stadium Trust (TST), a blended component unit. Our audit, described below, did not include the operations of TST or TIA because these component units engaged other auditors to perform their June 30, 2018 audit. Our audit, described below, did not include the operations of TDA because they were not required to have a separate audit in accordance with the Uniform Guidance as their federal expenditures for the year ending June 30, 2018 were less than \$750,000. Our audit, described below, did not include the operations of TAIT because they issued a separate compliance report in accordance with the Uniform Guidance for the year ended June 30, 2018.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

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

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

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

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, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 25, 2019, which contained unmodified opinions on those financial statements. The beginning net position of the governmental activities, the business-type activities, the aggregate discretely presented component units, the Stormwater Management Fund, the One Technology Center Fund and the aggregate remaining fund information has been restated due to the implementation of GASB Statement No. 75 to recognize the total OPEB liability, deferred inflows of resources and deferred outflows of resources. Our audit report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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.

*RSM US LLP*

Kansas City, Missouri  
January 25, 2019

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2018
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Direct Programs:</b>				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-40-0004 B-15-MC-40-0004 B-16-MC-40-0004 B-17-MC-40-0004	\$ 2,312,050	\$ 2,107,676
Emergency Solutions Grant Program	14.231	E-15-MC-40-0004 E-16-MC-40-0004 E-17-MC-40-0004	318,594	284,965
Home Investment Partnerships Program	14.239	M-14-MC-40-0202 M-15-MC-40-0202 M-16-MC-40-0202 M-17-MC-40-0202	644,426	366,100
Housing Opportunities for Persons with AIDS	14.241	OK-H14-F002 OK-H15-F002 OK-H16-F002 OK-H17-F002	406,174	393,820
<b>Total U.S. Department of Housing and Urban Development</b>			<b>3,681,244</b>	<b>3,152,561</b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
<u>Pass-Through Oklahoma Historical Society</u>				
Historic Preservation Fund Grants-In Aid	15.904	16-608	5,719	-
<b>Total U.S. Department of the Interior</b>			<b>5,719</b>	<b>-</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<u>Pass-Through State District Attorney Council</u>				
Crime Victim Assistance	16.575	2016-VOCA-TULSA CI-108	16,604	-
Crime Victim Assistance	16.575	2017-VOCA-TULSA-CI-095	293	-
Total Crime Victim Assistance			16,897	-
Violence Against Women Formula Grants	16.588	2016-VAWA-Tulsa PD-00016	3,075	-
Violence Against Women Formula Grants	16.588	2017-VAWA-Tulsa PD-00034	150	-
Violence Against Women Formula Grants	16.588	2016-VAWA-Tulsa PD-00017	26,018	-
Total Violence Against Women Formula Grants			29,243	-
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2014-WR-AX-0021	60,197	-
<b>Direct Programs:</b>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0013	60,698	59,108
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045	105,638	64,005
Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			166,336	123,113
Public Safety Partnership and Community Policing Grants	16.710	2012-UL-WX-0024	17,462	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DE-BX-K024	599,200	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0475	107,540	19,159
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0886	65,109	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0929	147,741	-
Total Edward Byrne Memorial Justice Assistance Grant Program			919,590	19,159

(Continued)



**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2018
<b>Direct Programs:</b>				
DNA Backlog Reduction Program	16.741	2015-DN-BX-0015	112,040	-
DNA Backlog Reduction Program	16.741	2016-DN-BX-0057	107,909	-
DNA Backlog Reduction Program	16.741	2017-DN-BX-0026	1,694	-
Total DNA Backlog Reduction Program			221,643	-
<u>Pass-Through State District Attorney Council</u>				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF16-005	8,772	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF17-005	13,340	-
Total Paul Coverdell Forensic Sciences Improvement Grant Program			22,112	-
<b>Direct Programs:</b>				
Byrne Criminal Justice Innovation Program	16.817	2016-AJ-BX-0007	141,518	-
Equitable Sharing Program	16.922	OK0720500	177,610	-
<b>Total U.S. Department of Justice</b>			1,772,608	142,272
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<u>Highway Planning and Construction Cluster</u>				
<u>Pass-Through Oklahoma Department of Transportation</u>				
Highway Planning and Construction	20.205	STP-172A(335)IG	3,292,627	-
Highway Planning and Construction	20.205	STP-157A(144)IG/ STP-157A(145)IG	55	-
Highway Planning and Construction	20.205	SEC1934-172E(404)TI	11	-
Total Highway Planning and Construction Cluster			3,292,693	-
<u>Federal Transit Cluster</u>				
<b>Direct Programs:</b>				
Federal Transit Formula Grants	20.507	OK-90-X104-00	71,988	-
Federal Transit Formula Grants	20.507	OK-90-X109-00	234,459	-
Federal Transit Formula Grants	20.507	OK-90-X113-00	138,640	-
Federal Transit Formula Grants	20.507	OK-95-X006-00	55,963	-
Federal Transit Formula Grants	20.507	OK-95-X008-00	22,216	-
Federal Transit Formula Grants	20.507	OK-90-X117-00	17,266	-
Federal Transit Formula Grants	20.507	OK-90-X122-00	49,797	-
Federal Transit Formula Grants	20.507	OK-2016-001-00	1,690,018	-
Federal Transit Formula Grants	20.507	OK-2016-005-00	66,808	-
Federal Transit Formula Grants	20.507	OK-2016-016-00	32,306	-
Federal Transit Formula Grants	20.507	OK-2017-009-00	4,241,497	-
Federal Transit Formula Grants	20.507	OK-2018-011-00	99,887	-
Bus and Bus Facilities Formula Program	20.526	OK-2017-025-00	48,328	-
Bus and Bus Facilities Formula Program	20.526	OK-2017-026-00	7,520	-
Bus and Bus Facilities Formula Program	20.526	OK-34-0004-00	677,981	-
Total Federal Transit Cluster			7,454,674	-
<u>Highway Safety Cluster</u>				
<u>Pass-Through State of Oklahoma Highway Safety Office</u>				
State and Community Highway Safety	20.600	AL-17-03-12-10	21,470	-
State and Community Highway Safety	20.600	SE-18-03-07-11	49,227	-
State and Community Highway Safety	20.616	F5-OT-18-03-07-11	1,743	-
Total Highway Safety Cluster			72,440	-
<u>Pass-Through Federal Highway Administration</u>				
National Infrastructure Investments	20.933	DTFH6115G0009	4,358,400	-
<b>Total U.S. Department of Transportation</b>			15,178,207	-

(Continued)

**CITY OF TULSA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass- Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2018
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Clean Water State Revolving Funds Cluster</b>				
<u>Pass-Through State of Oklahoma Water Resources Board</u>				
<u>Tulsa Metropolitan Utility</u>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	ORF-16-0001-CW	786,238	-
Total Clean Water State Revolving Funds Cluster			<u>786,238</u>	<u>-</u>
<b>Direct Programs:</b>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F71001-0	25,939	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F70901-0	5,722	-
Total Brownfields Assessment and Cleanup Cooperative Agreements			<u>31,661</u>	<u>-</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>817,899</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<u>Pass-Through The University of North Carolina at Chapel Hill</u>				
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5100907	12,429	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5109559	16,641	-
<b>Total U.S. Department of Health and Human Services</b>			<u>29,070</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<u>Pass-Through State of Oklahoma Dept. of Civil Emergency Management</u>				
Hazard Mitigation Grant	97.039	FEMA-4222-DR-OK-13	424	-
<u>Pass-Through State of Oklahoma Office of Homeland Security</u>				
State Homeland Security Grant Program (SHSP)	97.067	755.024	41,140	-
State Homeland Security Grant Program (SHSP)	97.067	760.061	29,474	-
Total State Homeland Security Grant Program			<u>70,614</u>	<u>-</u>
<b>Direct Programs:</b>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2015 SAFER	1,520,893	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2016 SAFER	789,985	-
Total Staffing for Adequate Fire and Emergency Response (SAFER)			<u>2,310,878</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>2,381,916</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 23,866,663</u>	<u>\$ 3,294,833</u>

See notes to schedule of expenditures of federal awards

**City of Tulsa, Oklahoma**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tulsa, Oklahoma (the City) and some of the City's component units for the year ended June 30, 2018. The schedule of expenditures of federal awards does not include the federal grant activity of the Tulsa Development Authority, the Tulsa Airport Improvement Trust and the Tulsa Industrial Authority, discretely presented component units of the City, and the Tulsa Stadium Trust, a blended component unit of the City. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

**Note 2. Significant Accounting Policies**

The accompanying schedule of federal awards is presented on the accrual basis of accounting in the proprietary funds and the modified accrual basis of accounting in the governmental funds. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred. Such expenditures are reported following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**City of Tulsa, Oklahoma**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2018**

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The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.

**City of Tulsa, Oklahoma**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

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**I. Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)?  Yes  No

**Identification of major programs:**

CFDA Number	Name of Federal Program or Cluster
16.738	Edward Byrne Memorial Justice Assistance Grant Program
	Federal Transit Cluster:
20.507	Federal Transit - Formula Grants
20.526	Bus and Bus Facilities Formula Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

- Auditee qualified as low-risk auditee?  Yes  No

(Continued)

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2018**

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**II. Financial Statement Findings**

**A. Internal Control**

**2018-001**

Criteria: City personnel should reconcile all cash and investment accounts on a timely basis. These account balances are material to the financial statements, as well as the process of timely cash reconciliations serving as a key control over significant transaction cycles including cash disbursements and cash receipts.

Condition: City personnel were approximately six months delinquent on reconciling cash and investment accounts during fiscal year 2018, including the primary operating cash account.

Cause: The City implemented a new general ledger system during the current fiscal year, which caused significant delays in performing timely bank reconciliations.

Effect or potential effect: As of June 30, 2018, there was an unreconciled variance between the cash reconciliation and the financial statements of approximately \$180,000. The potential effect is also the increased risk of material misstatement of the financial statements or misappropriation of cash.

Recommendation: We recommend City personnel perform procedures and controls in a timely manner so that cash and investment accounts are reconciled on a timely basis.

Views of responsible officials: Management agrees with this finding.

**B. Compliance Findings**

No matters to report.

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

No matters to report.

**B. Instances of Noncompliance**

**2018-002**

**U.S. Department of Justice**

**Edward Byrne Memorial Justice Assistance Grant Program (CFDA 16.738)**

**Federal Award Identification Number and Year: 2015-DE-BX-K024; 2014-DJ-BX-0475; 2015-DJ-BX-0886; and 2016-DJ-BX-0929**

**U.S. Environmental Protection Agency**

**Passed Through the State of Oklahoma Water Resources Board**

**Pass Through Identifying Number: ORF-16-0001-CW**

**Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458)**

**Federal Award Year: 2016**

Criteria: The Uniform Guidance stipulates that when a nonfederal entity enters into a contract or purchase order with an entity (vendor or subrecipient), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending \$25,000 or more in a year.

**City of Tulsa, Oklahoma**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2018**

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Condition: The City did not comply with the suspension and debarment requirement of the Uniform Guidance for the Oklahoma Water Resources Board (OWRB) Revolving Loan Grant Program, nor for the Edward Byrne Memorial Justice Assistance Grant (JAG) Grant Program. City personnel did not verify vendors were not suspended or debarred prior to providing them with federal funds.

Cause: City personnel do not have a process in place to verify suspension and debarment consistently for all types of contracts. City personnel have a process in place for construction contracts but had not considered contracts for all types of work being performed by third parties.

Effect or potential effect: The City is not in compliance with suspension and debarment requirements of the Uniform Guidance. The potential effect is submitting unallowable costs, or loss of federal funding.

Questioned costs: None

Context: Four of the seven vendors tested in both grant programs were not reviewed by City personnel for suspension or debarment. Subsequent testing verified that none of the vendors selected for review were suspended or debarred.

Repeat finding: Not a repeat finding.

Recommendation: We recommend City personnel follow procedures to determine whether vendors and subrecipients have been suspended or debarred prior to entering into contracts or purchase orders for all transactions, and maintain documentation supporting this verification.

View of responsible officials: Management agrees with this finding.

