

City of Tulsa, Oklahoma

Compliance Report
Year Ended June 30, 2020

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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

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2020. Our report includes a reference to other auditors who audited the financial statements of the Tulsa Performing Arts Center Trust, 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. 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) as a basis for designing 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 financial statements. 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*.

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
December 18, 2020



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

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, 2020. 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 Performing Arts Center Trust (TPACT), 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 TPACT because these component units engaged other auditors to perform their June 30, 2020 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, 2020 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, 2020.

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, 2020.

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 18, 2020, which contained unmodified opinions on those financial statements. 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
February 5, 2021, except for our report on the schedule
of expenditures of federal awards, for which the
date is December 18, 2020

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Number or Pass-Through Entity Identifying Number | Current Year Expenditures | Amounts Provided to Subrecipients |
|--|---------------------|---|---------------------------|-----------------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Direct Programs: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-16-MC-40-0004 B-17-MC-40-0004 B-18-MC-40-0004 B-19-MC-40-0004 | \$ 5,017,918 | \$ 3,003,059 |
| COVID-19 Community Development Block Grants-CV/Entitlement Grants | 14.218 | B-20-MC-40-0004 | 11,463 | - |
| Total CDBG - Entitlement Grants Cluster | | | 5,029,381 | 3,003,059 |
| Emergency Solutions Grant Program | 14.231 | E-17-MC-40-0004 E-18-MC-40-0004 E-19-MC-40-0004 | 313,546 | 292,229 |
| COVID-19 Emergency Solutions Grant Program-CV | 14.231 | E-20-MC-40-0004 | 204,319 | 196,804 |
| Total Emergency Solutions Grant Program | | | 517,865 | 489,033 |
| Home Investment Partnerships Program | 14.239 | M-15-MC-40-0202 M-16-MC-40-0202 M-17-MC-40-0202 M-18-MC-40-0202 M-19-MC-40-0202 | 763,615 | 383,234 |
| Housing Opportunities for Persons with AIDS | 14.241 | OK-H17-F002 OK-H18-F002 OK-H19-F002 | 424,224 | 406,651 |
| COVID-19 Housing Opportunities for Persons with AIDS-CV | 14.241 | OK-H20-F002 | 1,612 | - |
| Total Housing Opportunities for Persons with AIDS | | | 425,836 | 406,651 |
| Total U.S. Department of Housing and Urban Development | | | 6,736,697 | 4,281,977 |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Direct Program: | | | | |
| COVID-19 Coronavirus Emergency Supplemental Funding Program | 16.034 | 2020-VD-BX-0886 | 31,640 | - |
| Pass-Through State District Attorney Council | | | | |
| Crime Victim Assistance | 16.575 | 2019-VOCA-TULSA-CI-027 | 19,409 | - |
| Crime Victim Assistance | 16.575 | 2019-VOCA-TULSA-CI-157 | 34,963 | - |
| Total Crime Victim Assistance Grants | | | 54,372 | - |
| Direct Programs: | | | | |
| Crime Victim Assistance/Discretionary Grants | 16.582 | 2019-V3-GX-0132 | 7,769 | - |
| Pass-Through State District Attorney Council | | | | |
| Violence Against Women Formula Grants | 16.588 | 2017-VAWA-Tulsa PD-00034 | 3,951 | - |
| Violence Against Women Formula Grants | 16.588 | 2020/21-VAWA-Tulsa PD-00023 | 770 | - |
| Violence Against Women Formula Grants | 16.588 | 2017-VAWA-Tulsa PD-00035 | 26,367 | - |
| Violence Against Women Formula Grants | 16.588 | 2020/21-VAWA-Tulsa PD-00024 | 101 | - |
| Total Violence Against Women Formula Grants | | | 31,189 | - |
| Project Safe Neighborhoods | 16.609 | PSNN18-001 | 89,712 | - |
| Direct Program: | | | | |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | 16.590 | 2017-WE-AX-0045 | 255,917 | 206,305 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2016-DJ-BX-0929 | 58,697 | 18,772 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2017-DJ-BX-0831 | 21,454 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2018-DJ-BX-0765 | 174,150 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2018-DG-BX-0006 | 322,989 | 26,383 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2019-DJ-BX-0576 | 31,282 | - |
| Total Edward Byrne Memorial Justice Assistance Grant Program | | | 608,572 | 45,155 |
| DNA Backlog Reduction Program | 16.741 | 2017-DN-BX-0026 | 31,686 | - |
| DNA Backlog Reduction Program | 16.741 | 2018-DN-BX-0086 | 73,114 | - |
| DNA Backlog Reduction Program | 16.741 | 2019-DN-BX-0037 | 5,777 | - |
| Total DNA Backlog Reduction Program | | | 110,577 | - |
| Pass-Through State District Attorney Council | | | | |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | FSF18-002 | 21,125 | - |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | FSF19-004 | 19,140 | - |
| Total Paul Coverdell Forensic Sciences Improvement Grant Program | | | 40,265 | - |

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Number or Pass- Through Entity Identifying Number | Current Year Expenditures | Amounts Provided to Subrecipients |
|---|---------------------------|---|------------------------------|--------------------------------------|
| Direct Programs: | | | | |
| Innovations in Community-Based Crime Reduction | 16.817 | 2016-AJ-BX-0007 | 114,431 | - |
| National Sexual Assault Kit Initiative | 16.833 | 2018-AK-BX-0015 | 352,059 | 77,670 |
| Equitable Sharing Program | 16.922 | OK0720500 | 131,211 | - |
| Equitable Sharing Program | 16.922 | OK0721600 | 33,599 | - |
| Total Equitable Sharing Program | | | 164,810 | - |
| Total U.S. Department of Justice | | | 1,861,313 | 329,130 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Highway Planning & Construction Cluster | | | | |
| <u>Pass-Through Oklahoma Department of Transportation</u> | | | | |
| Highway Planning and Construction | 20.205 | STP-172A(335)IG | 79,910 | - |
| Highway Planning and Construction | 20.205 | SEC1934-172E(404)TI | 1,103,401 | - |
| Highway Planning and Construction | 20.205 | TCSP-272E(042)TC | 495,564 | - |
| Total Highway Planning and Construction Cluster | | | 1,678,875 | - |
| Federal Transit Cluster | | | | |
| Direct Programs: | | | | |
| Federal Transit Formula Grants | 20.507 | OK-95-X008-00 | 15,119 | - |
| Federal Transit Formula Grants | 20.507 | OK-2016-001-00 | 74,113 | - |
| Federal Transit Formula Grants | 20.507 | OK-2016-005-00 | 76,811 | - |
| Federal Transit Formula Grants | 20.507 | OK-2017-009-00 | 2,000 | - |
| Federal Transit Formula Grants | 20.507 | OK-2018-011-00 | 2,250,121 | - |
| Federal Transit Formula Grants | 20.507 | OK-2019-024-00 | 5,311,496 | - |
| Bus and Bus Facilities Formula Program | 20.526 | OK-2017-025-00 | 65,841 | - |
| Bus and Bus Facilities Formula Program | 20.526 | OK-2018-018-00 | 4,096,361 | - |
| Total Federal Transit Cluster | | | 11,891,862 | - |
| Job Access and Reverse Commute Program Grant | 20.516 | OK-2016-X011-00 | 35,446 | - |
| Total Transit Services Programs Cluster | | | 35,446 | - |
| Highway Safety Cluster | | | | |
| <u>Pass-Through State of Oklahoma Highway Safety Office</u> | | | | |
| State and Community Highway Safety | 20.600 | SE-19-03-12-12 | 27,929 | - |
| State and Community Highway Safety | 20.600 | SE-20-03-10-13 | 26,944 | - |
| Total Highway Safety Cluster | | | 54,873 | - |
| Total U.S. Department of Transportation | | | 13,661,056 | - |
| U.S. DEPARTMENT OF THE TREASURY | | | | |
| Direct Programs: | | | | |
| Equitable Sharing | 21.016 | TULSA POLICE DEPT (OK) | 8,628 | - |
| Total U.S. Department of the Treasury | | | 8,628 | - |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Clean Water State Revolving Funds | | | | |
| <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-10-0001-CW | 477,909 | - |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | ORF-11-0005-CW | 161,268 | - |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | ORF-14-0002-CW | 125,208 | - |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | ORF-16-0001-CW | 7,561,589 | - |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | ORF-17-0001-CW | 3,161,203 | - |
| Total Clean Water State Revolving Funds Cluster | | | 11,487,177 | - |
| Direct Programs: | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-00F71001-0 | 33,768 | - |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-00F70901-0 | 1,545 | - |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-01F48401-0 | 94,982 | - |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-01F65401-0 | 785 | - |
| Total Brownfields Program | | | 131,080 | - |
| Total U.S. Environmental Protection Agency | | | 11,618,257 | - |

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Number or Pass- Through Entity Identifying Number | Current Year Expenditures | Amounts Provided to Subrecipients |
|--|---------------------------|---|------------------------------|--------------------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| <u>Pass-Through The University of North Carolina at Chapel Hill</u> Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | 5109559 | 1,114 | - |
| <u>Pass-Through The Oklahoma Department of Mental Health</u> Assisted Outpatient Treatment | 93.997 | 1H79SM063532 | 85,000 | - |
| Total U.S. Department of Health and Human Services | | | 86,114 | - |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| <u>Pass-Through State of Oklahoma Dept. of Emergency Management</u> Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | FEMA-4438-DR-OK | 2,205,720 | - |
| Hazard Mitigation Grant | 97.039 | FEMA -4274-0007-OK | 4,651 | - |
| Hazard Mitigation Grant | 97.039 | FEMA -4256-0018-OK | 42,950 | - |
| Hazard Mitigation Grant | 97.039 | FEMA -4315-DR-OK | 271,832 | - |
| Total Hazard Mitigation Grants | | | 319,433 | - |
| Direct Program: | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2016-FO-06195 | 40,455 | - |
| Assistance to Firefighters Grant | 97.044 | EMW-2017-FO-06270 | 229,275 | - |
| Total Assistance to Firefighters Grants | | | 269,730 | - |
| <u>Pass-Through State of Oklahoma Office of Homeland Security</u> | | | | |
| Homeland Security Grant Program | 97.067 | 960.021 | 15,900 | - |
| Homeland Security Grant Program | 97.067 | 955.030 | 103,889 | - |
| Total Homeland Security Grant Program | | | 119,789 | - |
| Direct Program: | | | | |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | 2016 SAFER | 1,558,349 | - |
| Total U.S. Department of Homeland Security | | | 4,473,021 | - |
| Total Federal Expenditures | | | \$ 38,445,086 | \$ 4,611,107 |

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, 2020**

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, 2020. 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 Performing Arts Center Trust, 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% de minimis indirect cost rate allowed under the Uniform Guidance.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Identifying Number: 2019-001

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting which should be designed to prevent or detect and correct misstatements on a timely basis. In accordance with US GAAP, donated (contributed) capital assets should be reported at acquisition value at the date of contribution.

Condition: The City did not properly record donated infrastructure capital assets in the financial statements of the stormwater management fund. On an annual basis, the engineering department provides the finance department with the detailed listing of donated infrastructure capital assets received by the City from developers. An error was identified on one of the capital asset projects. Specifically, the acquisition value was overstated because the entire project cost had been capitalized by the City (including the improvements owned by the private developer), versus the correct value of the stormwater assets to be owned and maintained by the City.

Cause: City personnel did not have an adequate process in place to review the donated infrastructure assets for accuracy and properly report these capital contributions in the financial statements.

Effect or potential effect: An audit adjustment was proposed in the stormwater management fund to decrease capital assets and contributed revenue by approximately \$1.9 million to correct this error.

Recommendation: We recommend City personnel implement the necessary procedures to ensure the acquisition value of capital asset contributions is properly determined and recorded in the financial statements.

View of responsible officials: Management agrees with this finding.

Corrective Action Taken: During fiscal year 2020, the City implemented procedures to the ensure adequate review of donated infrastructure capital assets received by the City from developers to ensure the acquisition value of capital asset contributions is properly recorded in the financial statements.

Identifying Number: 2019-002

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.

Condition: The City did not comply with the suspension and debarment requirement of the Uniform Guidance 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: Vendors 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: This was previously reported as finding 2018-002 in the Compliance Report for the year ended June 30, 2018.

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 and effective August 1, 2019 has implemented procedures to search for System of Award Management Certificates for vendors working on federal grant funded projects.

Corrective Action Taken: Effective August 1, 2019 for purchases of supplies, equipment, and services costing \$25,000 or more, where Federal Grant Funding is used, Purchasing division staff of the City obtained a SAM certification showing the company being recommended for award is not currently suspended or debarred.

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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 |
|-------------|---|
| 20.205 | Highway Planning and Construction |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Funds Declared Disasters) |
| 97.083 | Staffing for Adequate Fire and Emergency Response (SAFER) |

Dollar threshold used to distinguish between type A and type B programs: \$1,153,353

- Auditee qualified as low-risk auditee? Yes No

(Continued)

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020**

II. Financial Statement Findings

A. Internal Control

No matters to report.

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

No matters to report.