

The City of Oklahoma City, Oklahoma

Single Audit Reports

June 30, 2011



The City of Oklahoma City, Oklahoma
Year Ended June 30, 2011

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**Independent Accountants' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma
Oklahoma City, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service, fiduciary fund and the discretely presented component units of the City as of and for the year ended June 30, 2011, which collectively comprise the City's combining and individual fund statements and have issued our report thereon dated December 5, 2011, which contained a reference to the reports of other accountants and explanatory paragraphs regarding a change in accounting principle and disclosing that the prior year financial statements have been restated. We conducted our audit in accordance with 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. Other accountants audited the financial statements of the Oklahoma City Redevelopment Authority and The Combined Operations of The Cox Convention Center and The Ford Center, as Managed by SMG, as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants. The financial statements of The Combined Operations of The Cox Convention Center and The Ford Center, which are reported within the City's governmental activities, aggregate remaining fund information and nonmajor governmental funds financial statements, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-01, 11-02 and 11-03 to be material weaknesses.

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 11-04, 11-05 and 11-06 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

We also noted certain matters that we reported to the City's management in a separate letter dated December 5, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, City Council, others within the City and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 5, 2011

**Independent Accountants' Report on Compliance With
Requirements That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance in Accordance with OMB
Circular A-133 and on the Schedule of Expenditures of Federal and State Awards**

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma
Oklahoma City, Oklahoma

Compliance

We have audited the compliance of the City of Oklahoma City, Oklahoma (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City based on our audit.

As indicated in our audit report on the basic financial statements of the City as of and for the year ended June 30, 2011, dated December 5, 2011, we did not audit the financial statements of the Oklahoma City Redevelopment Authority (Authority) and The Combined Operations of The Cox Convention Center and The Ford Center (Center), as Managed by SMG. Federal awards, if any, received by the Authority and Center are, therefore, outside the scope of the single audit activities which we were engaged to conduct and our reference to the City in our independent accountants' report on compliance and internal control over compliance that could have a direct and material effect on each major federal program does not encompass the financial or compliance activities, if any, conducted by the components noted above, which were audited by other auditors.

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 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2011.

The Honorable Mayor and City Council
The City of Oklahoma City, Oklahoma

Internal Control over Compliance

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011. We have also audited the financial statements of each nonmajor governmental, nonmajor enterprise, internal service, fiduciary fund and the discretely presented component units of the City as of and for the year ended June 30, 2011. We have issued our report on the above mentioned financial statements and schedules dated December 5, 2011, which contained a reference to the reports of other accountants and explanatory paragraphs regarding a change in accounting principle and disclosing that the prior year financial statements have been restated. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and combining and individual fund statements and schedules. The accompanying schedule of expenditures of federal and state 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 audit committee, City Council, others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 8, 2011, except for paragraph on Schedule of Expenditures of Federal Awards, which is
December 5, 2011

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
<u>Forestry Services</u>			
Cooperative Forestry Assistance	10.664	Putting Down Roots	\$ 20,000
Total U.S. Department of Agriculture			20,000
<u>U.S. Department of Commerce</u>			
Direct Programs:			
<u>Economic Development Cluster</u>			
Investments for Public Works and Economic Development Facilities	11.300	08-86-04550 DOC	66,501
<i>Total Economic Development Cluster</i>			66,501
Pass-through Oklahoma State Office of Homeland Security			
<u>National Telecommunications and Information Administration</u>			
Public Safety Interoperable Communications Grant Program	11.555	07-(PSIC)	620,969
Total U.S. Department of Commerce			687,470
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
<u>CDBG - Entitlement Grants Cluster</u>			
Community Development Block Grant/Entitlement Grant	14.218	B-08-MC-40-0003	1,796,858
Community Development Block Grant/Entitlement Grant	14.218	B-09-MC-40-0003	2,516,098
Community Development Block Grant/Entitlement Grant	14.218	B-10-MC-40-0003	4,432,256
Community Development Block Grant/Entitlement Grant	14.218	B-99-MO-40-0003	543,000
ARRA - Community Development Block Grant ARRA Entitlement Grant (CDBG-R) Recovery Act Funded)	14.253	ARRA-B-09-MY-40-0003 CDBG-R	628,571
<i>Total CDBG - Entitlement Grants Cluster</i>			9,916,783
<u>CDBG - State Administered CDBG Cluster</u>			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-08-MN-40-0001	2,630,102
Pass through Oklahoma Department of Commerce:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	14003 NSP 08	1,104,609
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	13555 NSP 08	3,283,548
<i>Total CDBG - State Administered CDBG Cluster</i>			7,018,259
Direct Programs:			
<u>Emergency Shelter Grants Program</u>			
Emergency Shelter Grants Program	14.231	S-10-MC-40-0003 ESG	231,827

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
<u>Supportive Housing Program</u>			
Supportive Housing Program	14.235	OK-56-B602-001	\$ 113,362
Supportive Housing Program	14.235	OK-56-B702-001	149,478
Supportive Housing Program	14.235	OK-56-B702-006	125,569
Supportive Housing Program	14.235	OK0019B6I020800	200,746
Supportive Housing Program	14.235	OK0020B6I020800	115,517
Supportive Housing Program	14.235	OK0022 B6I020801	6,194
Supportive Housing Program	14.235	OK0026 B6I020801	190,611
Supportive Housing Program	14.235	OK0027 B6I020801	177,061
Supportive Housing Program	14.235	OK0021B6I020802	59,591
Supportive Housing Program	14.235	OK0022B6I020802	68,551
Supportive Housing Program	14.235	OK0044B6I020901	89,537
Supportive Housing Program	14.235	OK0045B6I020901	49,500
Supportive Housing Program	14.235	OK0046B6I020901	124,999
Supportive Housing Program	14.235	OK0052B6I020900	38,121
Supportive Housing Program	14.235	OK0053B6I020900	125,283
Supportive Housing Program	14.235	OK0021B6I021003	14,280
Supportive Housing Program	14.235	OK0045B6I021002	21,801
Supportive Housing Program	14.235	OK0063B6I021001	14,847
Total Supportive Housing Program			1,685,048
<u>Shelter Plus Care Program</u>			
Shelter Plus Care	14.238	OK-56-C602-009	27,589
Shelter Plus Care	14.238	OK0025C6I020801	6,294
Shelter Plus Care	14.238	OK0023C6I020802	(4,905)
Shelter Plus Care	14.238	OK0024C6I020802	204,375
Shelter Plus Care	14.238	OK0025C6I020802	11,916
Shelter Plus Care	14.238	OK0054C6I020900	31,610
Shelter Plus Care	14.238	OK0024C6I021003	32,185
Total Shelter Plus Care Program			309,064
<u>HOME Investment Partnerships Act</u>			
HOME Investment Partnerships Program	14.239	M-06-MC-40-0203	34,892
HOME Investment Partnerships Program	14.239	M-07-MC-40-0203	278,827
HOME Investment Partnerships Program	14.239	M-08-MC-40-0230	895,762
HOME Investment Partnerships Program	14.239	M-09-MC-40-0203 HOME	1,038,833
HOME Investment Partnerships Program	14.239	M-10-MC-40-0203 HOME/ADDI	678,781
Total HOME investment Program			2,927,095
<u>Housing Opportunities for Persons with AIDS</u>			
Housing Opportunities for Persons with AIDS	14.241	OK-H09-F001 HOPWA	148,070
Housing Opportunities for Persons with AIDS	14.241	OK-H10-F001 HOPWA	311,966
Total Housing Opportunitives for Persons with AIDS			460,036

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
<u>Homeless Prevention and Rapid Rehousing Program Grants</u>			
ARRA - Homeless Prevention and Rapid Re-housing Program (HPRP) (Recovery Act Funded)	14.257	S-09-MY-40-0002	\$ 839,265
<u>Office of Sustainable Housing and Communities</u>			
Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants	14.704	CCPOK0020-10	1,643
Total U.S. Dept. of Housing & Urban Development			23,389,020
<u>U.S. Department of the Interior</u>			
Pass-through Oklahoma Historical Society			
Historic Preservation Fund Grants-In-Aid	15.904	09-607	14,834
Historic Preservation Fund Grants-In-Aid	15.904	10-607	1,255
Historic Preservation Fund Grants-In-Aid	15.904	10-803	4,450
Total U.S. Department of the Interior			20,539
<u>U.S. Department of Justice</u>			
Direct Programs:			
<u>Office of Justice Programs</u>			
Federal Asset Forfeiture Program (Fund 022)	16.000	Unknown	96,957
Community Capacity Development Office	16.595		(58,246)
Community Capacity Development Office	16.595	2006-WS-Q6-0083	(77,877)
Community Capacity Development Office	16.595	2006-WS-Q6-0084	(41,148)
Community Capacity Development Office	16.595	2007-WS-Q7-0113	(26,798)
Community Capacity Development Office	16.595	2007-WS-Q7-0042	(18,402)
Community Capacity Development Office	16.595	2008-WS-QX-0189	7,650
Community Capacity Development Office	16.595	2009 WS-QX-0117 CTP-5	48,463
Total Community Capacity Development Office			(166,358)
<u>JAG Program Cluster</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1337	23,220
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0600	198,648
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0514	274,874
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0819	121,735
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units of Local Government	16.804	2009-F4792-OK-SB	1,937,663
Total JAG Program Cluster			2,556,140
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DD-BX-0631	373,497
Pass-through District Attorney's Training Council			
Project Safe Neighborhoods	16.609	2005-WS-Q5-0064	(28,269)

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
Direct Programs:			
Anti-Gang Initiative	16.744	2008-PG-BX-0005	\$ (10,624)
ARRA - Public Safety Partnership and Community Policing Grant (Recovery Act Funded)	16.710	ARRA COPS-CHRP-2009-1	405,299
Total U.S. Department of Justice			3,226,642
<u>U.S. Department of Transportation</u>			
Direct Programs:			
<u>Federal Aviation Administration</u>			
ARRA - Airport Improvement Program	20.106	AIP3-40-0072-056-2009	361,491
Airport Improvement Program	20.106	AIP3-40-0072-057-2009	3,442
Airport Improvement Program	20.106	AIP3-40-0072-058-2009	441,800
Airport Improvement Program	20.106	AIPS-40-0072-059-2010	1,063,638
Airport Improvement Program	20.106	AIP3-40-0073-019-2009	81,582
Airport Improvement Program	20.106	AIPS-40-0073-059-2010	1,164,202
Total Airport Improvement Program			3,116,155
<u>Highway Planning and Construction Cluster</u>			
Direct Programs:			
Highway Planning and Construction	20.205	OK-70-X002	2,670
Pass-through Association of Central Oklahoma Governments:			
Highway Planning and Construction	20.205	2010 ACOG Traffic Mgmt	73,183
Highway Planning and Construction	20.205	FY11 ACOG GRANT	56,786
			129,969
Pass-through Oklahoma Department of Transportation:			
Highway Planning and Construction	20.205	STP-155E(354)EH	91,626
Highway Planning and Construction	20.205	STP-155E(246)EH	241,751
Highway Planning and Construction	20.205	STP-155E(500)EH	31,196
Highway Planning and Construction	20.205	STP-155E(622)EH	187,241
Highway Planning and Construction	20.205	STP-155E(623)EH	3,019
			554,833
Total Highway Planning and Construction Cluster			687,472

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
<i><u>Federal Transit Cluster</u></i>			
Direct Programs:			
Federal Transit - Capital Investment Grant	20.500	OK-03-0007	\$ 80,557
Federal Transit - Capital Investment Grant	20.500	OK-03-0029	3,400
Federal Transit - Capital Investment Grant	20.500	OK-03-0037	583,660
Federal Transit - Formula Grants	20.507	OK-90-X067	61,783
Federal Transit - Formula Grants	20.507	OK-90-X071	557,052
Federal Transit - Formula Grants	20.507	OK-90-X073	12,661
Federal Transit - Formula Grants	20.507	OK-90-X080	17,689
Federal Transit - Formula Grants	20.507	OK-90-X085	18,732
Federal Transit - Formula Grants	20.507	OK-90-X094	567,421
Federal Transit - Formula Grants	20.507	OK-90-X098	1,631,560
Federal Transit - Formula Grants	20.507	OK-90-X102	4,993,525
Federal Transit - Formula Grants	20.507	OK-95-X001	144,457
ARRA - Federal Transit - Formula Grants	20.507	OK-96-X004	1,111,562
<i>Total Federal Transit Cluster</i>			9,784,059
<i><u>Transit Services Programs Cluster</u></i>			
Direct Programs:			
Job Access - Reverse Commute	20.516	OK-37-X021	51
Job Access - Reverse Commute	20.516	OK-37-X028	12,134
Job Access - Reverse Commute	20.516	OK-37-X036	520,534
New Freedom Program	20.521	OK-57-X006	22,652
New Freedom Program	20.521	OK-57-X010	92,647
New Freedom Program	20.521	OK-57-X015	16,296
<i>Total Transit Services Programs Cluster</i>			664,314
<i><u>Highway Safety Cluster</u></i>			
Pass-through Oklahoma Highway Safety Office:			
Safe and Community Highway Safety	20.600	K810030403 DUI	55,111
Safe and Community Highway Safety	20.600	K810030403 DUI	88,194
Safe and Community Highway Safety	20.600	k810030707 (DUI)	63,613
Safe and Community Highway Safety	20.600	K811030707 (DUI)	27,036
<i>Total Highway Safety Cluster</i>			233,954
Total U.S. Department of Transportation			14,485,954
<u>Environmental Protection Agency</u>			
Pass through the Oklahoma Water Resources Board			
Capitalization Grants for Clean Water State Revolving Fund	66.458	ORF-09-0021-CW	1,708,602

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
Direct Programs:			
Brow nsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-966031-01-0	\$ 17,290
Brow nsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-966368-01-0	19,823
Brow nsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-966368-01-0	21,122
Brow nsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-966797-01	12,633
ARRA - Brow nsfield Assessment and Cleanup Cooperative Agreements (Recovery Act Funded)	66.818	2B-96695601-0	37,549
ARRA - Brow nsfield Assessment and Cleanup Cooperative Agreements (Recovery Act Funded)	66.818	2B-96695701-0	102,129
ARRA - Brow nsfield Assessment and Cleanup Cooperative Agreements (Recovery Act Funded)	66.818	2B-00F07901-0	669,600
Total Brow nsfield Assessment and Cleanup Cooperative Agreements			880,146
Total Environmental Protection Agency			2,588,748
<u>U.S. Department of Energy</u>			
Pass-through Oklahoma Department of Commerce:			
ARRA - Energy Efficiency and Conservation Block Grant Program (Recovery Act Funded)	81.128	DE-EE000920	2,438,362
Total U.S. Department of Energy			2,438,362
<u>U.S. Department of Health & Human Services</u>			
<u>Aging Cluster</u>			
Pass-through State of Oklahoma Areaw ide Aging Agency:			
Transportation for Elderly	93.044	34-0801-40	258,094
<i>Total Aging Cluster</i>			258,094
Total U.S. Department of Health & Human Services			258,094
<u>Executive Office of the President</u>			
Direct Programs:			
Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas Program	95.001	G09NT0003A (HIDTA)	54,968
Total Executive Office of the President			54,968
<u>U.S. Department of Homeland Security</u>			
Pass-through Oklahoma Department of Emergency Management:			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HST0208HSLR333	440,268

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1712-DR-OK	\$ 370,940
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -1735-DR-OK_GEN PROJ #16	9,272
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	BZPP-118.00	199,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -PA -1786 PW GUSTAV	66,369
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	OK-SHSP-144	48,787
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -SNOW 2009 CANADIAN	26,856
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	MAY 2010 TORNADO CLEAN UP	415,581
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2010 JUNE FLOODING	45,082
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -1735-DR-OK-HMPG	13,433
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -1876-DR-OK	20,580
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			1,215,900
ARRA - Advanced Surveillance Program (ASP) (Recovery Act Funded)	97.118	HSTS04-09-H-REC307	1,209,131
Advanced Surveillance Program	97.118	HSTS04-10-H-CT1190	106,651
Total Advanced Surveillance Program			1,315,782
Direct Programs:			
Assistance to Firefighters Grant	97.044	EMW-2009-FP-01128	35,200
Assistance to Firefighters Grant	97.044	EMW-2010-FH-01081	201,559
Total Assistance to Firefighters Grant			236,759
Pass-through Oklahoma Office of Homeland Security:			
Non-Profit Security Program	97.008	Urban Area Initiative #150.001	1,627,333
Non-Profit Security Program	97.008	Urban Area Initiative #150.008	47,191
Total Non-Profit Security Program			1,674,524
State Homeland Security Program (SHSP)	97.073	124.002	56,969
Law Enforcement Terrorism Prevention Program	97.074	OK LETP-102.004 Fusion	9,906
Total U.S. Department of Homeland Security			4,950,108
Total Federal Assistance			52,119,905

The City of Oklahoma City, Oklahoma
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

State Agency/Grant Name	Grant Number or Other Identifying Number	Current Year Expenditures
<u>Oklahoma Department of Corrections</u>		
DOC Interlocal Second Chance Program		\$ 27,013
<u>Oklahoma Department of Transportation</u>		
OHC Grant		8,500
<u>Oklahoma Office of Juvenile Affairs</u>		
Community Intervention Cntr Program/Youth Svcs ok OKC Cnty INC	PO 4009017686	238,644
<u>Oklahoma Aeronautics Commission</u>		
Strengthen Taxiway A, A-8 N of Taxiway A-7, MITL's	PWA-08-F	105,865
Install Lighted ILS Hold Position Signs RW 17L/35R	PWA-08-S	16,632
Install ILS for RW 17L/35R	PWA-10-S	1,213,808
Total Oklahoma Aeronautics Commission		1,336,305
Total State Assistance		1,610,462
Total Federal and State Assistance		\$ 53,730,367

The City of Oklahoma City, Oklahoma
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Note 1: Basis of Presentation and Accounting Policies

General

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) presents the activity of all federal and state award programs of the City of Oklahoma City, Oklahoma (the City), for the year ended June 30, 2011. The City's reporting entity is described in *Note 1* in the City's Consolidated Annual Financial Report (CAFR). Federal financial awards received directly from federal agencies as well as federal financial awards, if any, passed through other government agencies are included on the Schedule. Required matching contributions, program income, state and private grants and other nonfederal grants and awards are not included in the Schedule.

Basis of Accounting

The accompanying Schedule is presented using the same basis of accounting as the related fund in which the grant activity is reported in the basic financial statements. These bases of accounting are described in *Note 1* of the City's CAFR. In addition, the accompanying schedule reflects certain adjustments resulting from transfers of funds between grants and probable repayment of questioned costs to federal agencies reported in prior years. As a result, certain grants show negative expenditures.

Note 2: Federal CFDA Numbers

Federal CFDA numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.

Note 3: Outstanding Loan Balance

The City participates in the Community Development Block Grant Section 108 Loan Guarantee Program. This program is identified as CFDA Number 14.248 and is not included in the accompanying Schedule, as no new funds were drawn down or guaranteed during the year ended June 30, 2011. The City's Section 108 loans included:

Project	Balance Drawn	Balance at Beginning of Year	Balance at Year End
Gold Dome Building	\$ 1,000,000	\$ 937,000	\$ -
Climate Craft	3,500,000	2,100,000	1,925,000
Micro Enterprise and Small Business Loan Program	4,000,000	3,875,000	3,750,000
Dell Business Services Centers	4,684,000	3,643,000	-

The City of Oklahoma City, Oklahoma
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Note 4: Subrecipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grant	\$ 1,962,683
14.231	Emergency Shelter Grants	220,236
14.235	Supportive Housing Program	1,618,118
14.238	Shelter Plus Care	309,064
14.214	Housing Opportunities for Persons with AIDS	445,539
14.257	ARRA - Homeless Prevention and Rapid Re-housing Program (HPRP) Recovery Act Funded	815,496
16.738	Edward Byrne Memorial Justice Assistance Grant Program	336,762
16.804	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units of Local Government	794,441
	Total Federal Awards Provided to Subrecipients	<u>\$ 6,502,339</u>

Note 5: Nonprofit Security Grant Program Eligibility

The City has received grant funding from the U.S. Department of Homeland Security that was passed through the State of Oklahoma Office of Homeland Security under CFDA Number 97.008 - Non-Profit Security Grant Program and had total expenditures in the current year of \$1,674,524. Although the title of the grant and the grant regulations specify Non-Profit 501(c)3 entities are the only eligible recipients, the State has verbally confirmed that the City was eligible to receive this funding.

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
Significant deficiency(ies) noted considered material weakness(es)? Yes No
Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
Significant deficiency(ies) noted considered material weakness(es)? Yes No
Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were):
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

7. The City's major programs were:

Cluster/Program	CFDA Number
1 <i>Community Development Block Grant - Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grants	14.218
ARRA -Community Development Block Grants/Entitlement Grant	14.253
2 <i>Community Development Block Grants – Section 108 Loan Guarantees</i>	14.248
3 <i>Federal Transit Cluster</i>	
Federal Transit - Capital Investment Grants	20.500
Federal Transit - Formula Grants	20.507
ARRA - Federal Transit - Formula Grants	20.507
4 <i>JAG Program Cluster</i>	
Edward Byrne Memorial Assistance Grant Program	16.738
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units of Local Government	16.804
5 <i>Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Program</i>	16.580
6 <i>ARRA - Energy Efficiency and Conservation Block Grant Program (Recovery Act Funded)</i>	81.128
7 <i>Non-Profit Security Program</i>	97.008

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,880,247.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133?

Yes

No

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
11-01	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – In the prior year’s audit, we communicated a material weakness concerning controls over capital asset accounting. The Accounting Services Division of Finance Department (the Finance Department) implemented additional control procedures in response to our finding. As a result, it was determined during the current year that certain fixed assets had not been accurately reclassified in prior periods from construction in progress to the appropriate fixed asset categories upon completion of the associated project(s) and artwork had previously been depreciated as equipment. This resulted in an incorrect depreciation expense in prior years. This matter required a restatement of the prior year’s financial statements.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Material misstatements in the financial statements resulted from errors that occurred and were not detected and/or corrected in a timely manner, resulting in a restatement of prior year’s financial statements.</p> <p>Cause – The completion status of construction in progress was not properly monitored in prior years.</p> <p>Recommendation – We recommend depreciation begin when construction in progress is substantially complete and the assets are placed in service, and artwork be classified correctly to ensure it is not depreciated. We acknowledge that significant efforts have been made to improve controls over capital asset accounting and recommend the Finance Department continue to look for additional ways to further improve controls and reconciliations relating to capital assets as well as developing additional procedures to ensure the Finance Department is properly notified of asset status.</p> <p>Views of Responsible Officials and Planned Corrective Actions – By policy, depreciation is begun when the City Council and Public Trusts place assets in service through their acceptance at meetings. We have changed the process from a departmental notice to the Finance Department of these completed projects to a process requiring the Finance Department to reconcile these notices to the various Board agendas. This reconciliation should ensure all completed projects are recorded timely. In addition, we have implemented a capital assets manual that should communicate capital asset requirements to all departments and guide capitalization procedures in the Finance Department. The capital assets manual addresses the proper classification and treatment of artwork.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Reference Number	Finding
11-02	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Unauthorized access to the City’s financial data may occur and not be prevented and/or detected in a timely manner.</p> <p>Programmers in the Information Technology (IT) Department have the ability to modify programming in the software used for financial reporting. This would allow programmers to make unauthorized changes to financial data.</p> <p>A notification of termination of employees and contractors is not always reaching the IT Department. This allows former employees or contractors to have unsupervised access in the system. We noted two former employees, who still had access in the Peoplesoft system. In addition, one contractor still had an active account in FMS, though the network account was disabled.</p> <p>Application security reports and logs are only being reviewed upon request.</p> <p>Cedar Crestone support user accounts are generic in nature. Since these accounts are only activated during support windows, the assignment of the account could be tracked manually. Currently, no tracking is being performed.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potential material misstatements in the financial statements or material misappropriation of assets due to error or fraud could occur and not be detected and/or corrected in a timely manner.</p> <p>Cause – Resources available to the IT Department may not be sufficient to allow adequate monitoring of controls and duties may need to be reviewed and redesigned.</p> <p>Recommendation – We recommend the City’s management evaluate the internal controls in the IT Department and take necessary actions as considered necessary to provide adequate resources or redesign of the control environment to allow sufficient monitoring controls.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Reference Number	Finding
11-02, continued	<p>Views of Responsible Officials and Planned Corrective Actions – Best practice is for developers to have access to preproduction environments only (development and test/staging environments) and no access to the production environment. Development is then performed in the development environment and reviewed and audited by separate personnel, typically build and release engineers. Deployment to the production environment is made by a third entity, typically a release or deployment manager, with authorized access to the production environment. All deployments are logged and reviewed by system administrators.</p> <p>Currently, Enterprise team developers perform all functions of development, testing, user functional signoff and deployment to production. This is only the case because the City does not have sufficient IT personnel resources to achieve this division of responsibilities, as is best practice. We will review the possibility of adding additional controls to mitigate improper changes within the production environment.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Reference Number	Finding
11-03	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – During 2011, management identified certain adjustments in the initial accounting of transactions relating to a capital lease and note receivable related to agreements with a golf course and third-party service provider, which required restatement of prior year financial statements. The material nature of the adjustments indicates a deficiency in the internal controls of the Oklahoma City Water Utilities Trust (the Trust).</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Material misstatements in the financial statements resulted from errors not detected and/or corrected in a timely manner which resulted in a restatement of prior year’s financial statements.</p> <p>Cause – Notifications of these nonstandard transactions were not communicated to the appropriate personnel for recording in the Trust’s financial statements.</p> <p>Recommendation – We recommend the Trust’s management evaluate the current notification procedures and communication of nonstandard transactions, so that those transactions may be properly evaluated and reported within the Trust’s financial statements.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Finance Department-Accounting Services Division reviews Trust agendas for identifying non-routine transactions and makes determinations regarding necessary accounting transactions. In addition, the Accounting Services Division has established a year-end closing process to review for unusual events occurring during the year.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Reference Number	Finding
11-04	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Based on our identification of unrecorded payables during our search for unrecorded liabilities, management discovered an error in their system query that is designed to identify unrecorded payables. Management corrected the query and identified additional unrecorded payables.</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potential material misstatements in the financial statements due to error could occur and not be detected and/or corrected in a timely manner.</p> <p>Cause – Review of query criteria may not be sufficient to support the timely identification of unrecorded payables.</p> <p>Recommendation – We recommend reviews of system queries related to the accounts payable cycle be enhanced.</p> <p>View of Responsible Officials and Planned Corrective Actions – A change was made in the information coded into accounts payable transactions in an effort to provide better information for the unrecorded payables. This added information caused the unrecorded payables search process to work improperly. We will review the process each year before using to ensure it works properly. In addition, we will research a more reliable method for identifying unrecorded payables.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Reference Number	Findings
11-05	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Certain limitations exist with the current asset keeper system. An error occurred in recording an asset in a previous year, which was corrected by recording a negative asset. In 2011, it was noted the negative capital asset was not removed when the original asset recorded was disposed, which resulted in an overstatement of revenues in the current year. The nature of the error indicates a deficiency in internal control over financial reporting of the City and its related trusts and authorities (the City).</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potential material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be detected and/or corrected in a timely manner.</p> <p>Cause – Due to limitation of correcting assets with the system, the City uses negative assets to correct initial recordings. Reconciliations, account analysis and reviews may not be sufficient to ensure timely and accurate financial reporting.</p> <p>Recommendation – We recommend the City’s management evaluate the current policies and procedures around reconciliations, account analysis and reviews within their capital asset management system and incorporate additional procedures as deemed necessary to identify errors or misstatements.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The Accounting Services Division is in the process of developing reports for departments to use to examine asset listings more often than biennially as required by ordinance. In addition, internal monthly reporting and analysis is being developed to be used to identify asset errors.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Reference Number	Finding
11-06	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Property insurance claims and recoveries relating to an event which occurred in May 2010 were not recognized until the current year. Transactions involving non-cash and non-routine transactions require additional accounting and understanding from the Oklahoma City Municipal Facilities Authority (the Authority).</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Non-cash transactions could occur without being recorded accurately resulting in potential material misstatements in the financial statements or material misappropriations of assets due to error or fraud and not be detected and/or corrected in a timely manner.</p> <p>Cause – Due to a lack of communication between involved parties and an appropriate awareness of events by accounting personnel, proper accounting for this transaction was not completed timely. The Authority should maintain an understanding of non-cash and non-routine transactions in order to ensure they are properly accounted for.</p> <p>Recommendation – We recommend that additional channels of communication be established between Authority operations and accounting to ensure that accounting for non-routine transactions may be properly understood and accounting determined. Additionally, we recommend that the Authority evaluate events for impacts on the Authority’s activities to determine whether additional accounting is necessary.</p> <p>Views of Responsible Officials and Planned Corrective Actions –The Finance Department – Accounting Services Division reviews Trust agendas for identifying non-routine transactions and makes determinations regarding necessary accounting transactions. In addition, the Accounting Service Division has established a process to review unusual events during the year during the year-end closing process.</p>

The City of Oklahoma City, Oklahoma
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2011

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
No matters are reportable		

The City of Oklahoma City, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

Summary of Finding		Status
Finding	10-06	Resolved
	CFDA No. 20.205, Highway Planning & Construction Cluster, Federal Transit Administration, Grant No. OK-70-X002	
Summary of Finding	Expenses of \$327,020 from fiscal year 2009 were inappropriately included in the fiscal year 2010 Schedule.	
Views of Responsible Officials to Prior Audit Findings	We agree and will review special circumstances, such as retroactive grant awards, to ensure reporting in compliance with GASB 34.	
Corrective Action Taken	The City has implemented specific periodic training directed at improving grant expenditure and revenue recognition. A process has also been added to year-end procedures to reconcile the Schedule to the City's CAFR.	

The City of Oklahoma City, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

Summary of Finding		Status
Finding	09-02	Resolved
	CFDA No. 20.205, Highway Planning & Construction Cluster, Federal Transit Administration, Grant No. OK-70-X002	
Summary of Finding	Expenses of \$964,341 from fiscal year 2008 were inappropriately included in the fiscal year 2009 Schedule.	
Views of Responsible Officials to Prior Audit Findings	We agree and will review special circumstances, such as retroactive grant awards, to ensure reporting in compliance with GASB 34.	
Corrective Action Taken	See finding 10-06.	

The City of Oklahoma City, Oklahoma
Summary Schedule of Prior Audit Findings, continued
Year Ended June 30, 2011

Summary of Finding		Status
Finding	09-03	Resolved
	CFDA Numbers 16.580 and 16.744, Targeting Violent Crime Initiative and Oklahoma City Anti Gang, Department of Justice, Grant Numbers 2007-DD-BX-0631 and 2008-PG-BX-0005	
Summary of Finding	Certain equipment acquired under the above grant awards in excess of \$5,000 were misclassified as supplies and not included in physical inventories.	
Views of Responsible Officials to Prior Audit Findings	The Weed and Seed program was reassigned to the Oklahoma City Police Department effective July 1, 2009. More rigorous review of inventory classification and a physical inventory every two years will be conducted in compliance with City policy.	
Corrective Action Taken	All grant expenditures are reviewed for proper classification as a capital asset. Additional controls were implemented on January 1, 2011, with the implementation of the Grants Internal Control Manual.	

The City of Oklahoma City, Oklahoma
Summary Schedule of Prior Audit Findings, continued
Year Ended June 30, 2011

Summary of Finding		Status
Finding	09-04	Resolved
	CFDA Numbers 16.580, 16.744 and 16.595, Targeting Violent Crime Initiative, Oklahoma City Anti Gang and Weed and Seed Program, Department of Justice, Grant Numbers 2007-DD-BX-0631, 2008-PG-BX-0005 and 2008-WS-QX-0189.	
Summary of Finding	Several transactions were tested for adequate internal controls but lacked sufficient evidence of supervisory review. Additionally, progress reports were not reviewed or submitted on a timely basis.	
Views of Responsible Officials to Prior Audit Findings	<p>Purchasing and accounting policies and procedures are being revised by the Finance Department to more clearly reflect that the review of transactions is at a more detailed level and is conducted by a person with supervisory responsibility over the program. Procedures will require evidence of review with initials or signatures as documentation.</p> <p>This program was reassigned to the Oklahoma City Police Department effective July 1, 2009. More rigorous review of properly authorized signatures will be conducted in compliance with City policy.</p>	
Corrective Action Taken	Procedures now require the authorization of two individuals to expend federal funds. We have also included information regarding authorization and review of expenditures in the Grants Internal Control Manual.	

The City of Oklahoma City, Oklahoma
Summary Schedule of Prior Audit Findings, continued
Year Ended June 30, 2011

Summary of Finding		Status
Finding	09-05	Resolved
	CFDA Numbers 16.580, 16.744 and 16.595, Targeting Violent Crime Initiative, Oklahoma City Anti Gang and Weed and Seed Program, Department of Justice, Grant Numbers 2007-DD-BX-0631, 2008-PG-BX-0005 and 2008-WS-QX-0189.	
Summary of Finding	Certain expenses reviewed were not allowable under the grant agreements. Certain questioned costs were noted of \$15,644.	
Views of Responsible Officials to Prior Audit Findings	During the audit period, the three grant programs reviewed were administered by the Neighborhood Services Department. Effective July 1, 2009, these programs were moved to the Police Department where they have been rigorously reviewed. The Police Department will pay much closer attention to the allowability of grant expenditures in accordance with the grant agreements and Circular A-87 prior to requesting reimbursement.	
Corrective Action Taken	<p>During the current year, the City recorded a liability for probable repayment to the U.S. Department of Justice for questioned costs, totaling approximately \$250,000.</p> <p>Procedures now require the authorization of two individuals to expend funds. We have also included information regarding authorization and review of expenditures in the Grants Internal Control Manual.</p> <p>Special emphasis has been placed in the Grants Internal Control Manual on allowability of expenditures, including necessary, reasonable and allocable characteristics.</p>	