

***CITY AUDITOR  
Matt Weller, CPA***

***ANNUAL REPORT  
Fiscal Year 2024  
and  
INDEPENDENCE NOTIFICATION  
Fiscal Year 2025***

***MAYOR AND CITY COUNCIL***

<b><i>David Holt</i></b>	<b><i>Mayor</i></b>
<b><i>Bradley Carter</i></b>	<b><i>Audit Committee, Ward 1</i></b>
<b><i>James Cooper</i></b>	<b><i>Ward 2</i></b>
<b><i>Barbara Peck</i></b>	<b><i>Audit Committee, Ward 3</i></b>
<b><i>Todd Stone</i></b>	<b><i>Audit Committee, Ward 4</i></b>
<b><i>Matt Hinkle</i></b>	<b><i>Ward 5</i></b>
<b><i>JoBeth Hamon</i></b>	<b><i>Ward 6</i></b>
<b><i>Nikki Nice</i></b>	<b><i>Ward 7</i></b>
<b><i>Mark K. Stonecipher</i></b>	<b><i>Ward 8</i></b>



## **Office of the City Auditor Annual Report**

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September 10, 2024

The Mayor and City Council:

The attached Annual Report highlights Office of the City Auditor operating results and activities during fiscal year 2024.

The extent to which significant goals were achieved for the Audit Services and Ethics Assurance Programs is discussed in the Key Performance Targets and Results section of this report.

A synopsis of fiscal year 2024 audit, investigation and advisory service projects is provided in the Audit Services Program section. These projects included:

- ♦ 911 Fee Receipts, 911 Database Charges, & Tobacco Excise Tax Receipts
- ♦ Special Event Permits
- ♦ Public Safety Sales Tax
- ♦ Information Technology Radio Inventories
- ♦ Citywide GO Bond Fund Restriction Compliance
- ♦ Purchasing Card Program
- ♦ Public Events Facility-Related Agreements
- ♦ Police Property Room Currency Controls
- ♦ Home Sharing Licenses
- ♦ Non-Major Grant Compliance
- ♦ Unemployment Reporting & Claim Payment
- ♦ River Dam Control System Cybersecurity

Additionally, the Personnel Profiles section outlines my talented staffs' extensive work experience, professional certifications, advanced degrees and leadership roles in professional organizations.

Finally, areas in which the Office may not be independent to provide audit services are disclosed in the Independence Notification section of the attached report.

A handwritten signature in black ink that reads "Matt Weller".

Matt Weller  
City Auditor



**Office of the City Auditor  
Annual Report  
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## Office of the City Auditor Key Performance Targets and Results

**Fiscal Year 2024**

### **MISSION**

The mission of the Office of the City Auditor is to provide independent audit, investigative and advisory services to City Council, appointed officials, and executive managers so they can make better-informed policy and operational decisions.

### **AUDIT SERVICES PROGRAM**

<i>Key Measures</i>	<i>FY22 Actual</i>	<i>FY23 Actual</i>	<i>FY24 Actual</i>	<i>FY25 Target</i>
1. % of City Council and other City decision makers rating the quality of audit services as “good” or “excellent”	100%	100%	100%	90%
2. % of audit recommendations accepted by management	96%	100%	100%	95%

Client satisfaction is an indicator of audit service quality. Client feedback on audit services is obtained using engagement and annual surveys. Audit clients are asked to rate their satisfaction with several audit service attributes including relevance, usefulness, timeliness, and professionalism. Audit clients continue to offer positive feedback with audit service ratings of ‘good’ or ‘excellent’ on all 18 satisfaction surveys relating to services provided during FY24.

Acceptance of audit recommendations is another indicator of service quality. In FY24, management accepted and provided estimated implementation dates for 31 of 31 recommendations included in four reports issued during the year. This result exceeds the 95% industry benchmark published by the Association of Local Government Auditors.

### **ETHICS ASSURANCE PROGRAM**

<i>Key Measures</i>	<i>FY22 Actual</i>	<i>FY23 Actual</i>	<i>FY24 Actual</i>	<i>FY25 Target</i>
1. % of actionable allegations assessed and assigned for investigation within five days of reporting	100%	100%	95%	90%

The primary purpose of the Ethics Assurance Program is to help management detect and address fraud, waste, and abuse. The OKC4Ethics Hotline was established to provide employees with an anonymous means of reporting suspected instances of such activity. Addressing allegations in a timely manner is important to limiting potential loss or other negative impact from unethical behavior and is key in maintaining employee confidence in the Hotline. Of 37 actionable allegations received during FY24, 35 were assigned for investigation within the targeted timeframe.



**Office of the City Auditor**  
**Audit Services Program: Summary Report**

as of June 30, 2024

AUDITS	STATUS
<b>911 Fee Receipts, 911 Database Charges &amp; Tobacco Excise Tax Receipts</b> Procedures are not in place to ensure landline 911 fees received by the City are reasonably complete or 911 database maintenance billings are reasonably accurate given landline 911 fee receipts; and 911 database maintenance charges have been significantly overbilled since 2012.	<b>Issued</b> <b>7/5/23</b>
<b>Public Information and Parks &amp; Recreation – Special Event Permits</b> The City’s special event permitting process is not efficient and not effective at ensuring compliance with related City ordinances.	<b>Issued</b> <b>12/5/23</b>
<b>Public Safety Sales Tax Report – FY 2023</b> Expenditures complied with the Journal Entry of Judgment and the Report fairly presents revenues, expenditures, and fund balances.	<b>Issued</b> <b>1/2/24</b>
<b>Information Technology – Radio Inventory Follow-Up</b> Previous recommendations for improving the accuracy and completeness of radio and MDC inventories included in our report dated February 18, 2020, remain mostly unaddressed.	<b>Issued</b> <b>1/2/24</b>
<b>Citywide – GO Bond Fund Restrictions</b> Controls were reasonably adequate and effective to ensure GO Bond proceed allocations and expenditures examined complied with significant legal and internal policy restrictions except for controls ensuring internal administrative charges paid from those funds were adequately supported.	<b>Issued</b> <b>4/30/24</b>
<b>Citywide – Purchasing Card Program</b> Assessing the adequacy and effectiveness of controls over purchases by selected cardholders.	<b>Reporting</b>
<b>City Manager – Public Events Facility-Related Agreements</b> Evaluating the adequacy and effectiveness of controls ensuring compliance with public events facility-related agreements, the accuracy and completeness of related revenues deposited, and the validity of related expenses paid.	<b>Reporting</b>
<b>Police – Property Management Unit</b> Evaluating the status of recommendations included in our previous report relating to currency maintained by the Property Management Unit.	<b>Reporting</b>

AUDITS, continued	STATUS
<b>Citywide – Home Sharing Licenses</b> Assessing the adequacy and effectiveness of home sharing licensing and revenue monitoring procedures.	Fieldwork
<b>Citywide – Non-Major Grants</b> Verifying compliance with requirements relating to grants not tested during the City’s annual Single Audit.	Fieldwork
<b>Citywide – Administrative &amp; Injury Leave Usage</b> Verifying compliance with City policies relating to use of administrative and injury leave time.	Suspended
INVESTIGATIONS AND ADVISORY SERVICES	STATUS
<b>Utilities Risk and Resilience Assessment</b> Minimum industry standards were met except in the areas of governance-compliance, operational technology system monitoring, and physical access.	<b>Complete</b> 7/21/23
<b>Human Resources – Employee Benefits Fraud Risk Assessment</b> Fraudulent employee conduct was not identified, however, several weaknesses in controls over retiree benefit premium collections were identified and addressed with the department.	<b>Complete</b> 11/20/23
<b>Development Services – Employee Embezzlement Investigation</b> Missing deposits beyond those initially identified by the department were not identified. Cash handling control weaknesses were identified and addressed with the department.	<b>Complete</b> 3/7/24
<b>Human Resources/Finance – Military Leave of Absence Pay Errors</b> Advised on addressing corrections of previous military leave of absence pay errors and related policy and procedure revisions needed to ensure future pay accuracy based on statutory changes effective in April 2021.	<b>Complete</b> 4/30/24
<b>Economic Development Contracts</b> Advising management on development of contractual oversight safeguards to ensure the reasonableness of administrative expenses paid by the OKC Alliance for Economic Development in carrying out contract activities.	Ongoing
<b>Judiciary Investigation</b> Assisting with investigation of judicial misconduct allegations at the request of the City Council Judiciary Committee.	Ongoing

INVESTIGATIONS AND ADVISORY SERVICES, continued	STATUS
<p><b>Unemployment Reporting and Claim Payment Investigation</b> Investigating allegations of potentially underreported wages to the Oklahoma Employment Security Commission and underpayments of unemployment claims.</p>	<b>Ongoing</b>
<p><b>River Dam Control System Cybersecurity Assessment</b> Assisting Public Works and IT in administering a contract with an outside vendor for an assessment of cybersecurity risks relating to networked systems controlling the river dams.</p>	<b>Ongoing</b>
<p><b>Storm Siren Maintenance Billing Investigation</b> Investigating allegations of fraudulent billings by the vendor contracted to maintain storm sirens across the City.</p>	<b>Ongoing</b>
<p><b>Key to Home Encampment Rehousing Initiative Risk Assessment</b> Evaluating risks associated with City oversight of initiative activities carried out by partner agencies using City funding, including Federal grant funds.</p>	<b>Ongoing</b>
<p><b>City Ethics Policy</b> Advising the Ethics Committee on updates to the City's Ethics Policy for currently in-progress updates to the Code of Conduct included in City Employment Policies.</p>	<b>Ongoing</b>



**Office of the City Auditor**  
**Ethics Assurance Program: Summary Report**



The purpose of the Ethics Assurance Program is to provide independent ethics reporting, investigative and advisory services to the City Council and management so they can quickly detect and address reported cases of suspected fraud, waste, and abuse. The Ethics Assurance Program plays an integral role in the City's effort to maintain an ethical work environment and sustain citizen trust and confidence.

The Office of the City Auditor (OCA) manages suspected cases of fraud, waste, and abuse reported from sources including employees, management, contractors, citizens, or outside agencies. Such cases may be reported to OCA through various channels including in-person, U.S. mail, e-mail, or via the OKC 4Ethics Hotline (Hotline). All allegations, regardless of how they are received, are handled using the same assessment, investigative and follow-up protocols. This report summarizes results of allegations received and/or resolved during fiscal year 2024.

### ***Allegation Type and Origin***

There were 44 allegations reported during fiscal year 2024, of which 43% were reported through the Hotline. Table 1 summarizes the various types of allegations received during the fiscal year.

<b>TABLE 1</b>	<b>43%</b>	<b>57%</b>	<b>100%</b>
<b>ALLEGATION TYPE</b>	<b>HOTLINE</b>	<b>NON-HOTLINE</b>	<b>TOTAL</b>
Policy/Code Violations	8	5	13
Fraud & Illegal Acts	1	7	8
Internal Control Weaknesses	0	6	6
Abuse/Misuse/Waste of Resources	5	5	10
Inquiries	1	0	1
Allegation Not Related to City Ethics	4	2	6
<b>TOTAL</b>	<b>19</b>	<b>25</b>	<b>44</b>

Allegations generally relate to operations within a City department. Table 2 lists allegations received during fiscal year 2024 by related department.

<b>TABLE 2</b>	
<b>DEPARTMENT</b>	<b>ALLEGATIONS</b>
Police	7
Information Technology	6
Public Transportation & Parking	5
Development Services	5
Parks & Recreation	5
Finance	3
Not Provided/Unknown	2
Other	11
<b>TOTAL</b>	<b>44</b>



## ***Allegation Assignment and Disposition***

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Allegations may be investigated by OCA, referred to a City department (generally for policy or lower risk issues), referred to a non-City agency (if relating to matters outside City jurisdiction or requiring external law enforcement) and/or deemed non-actionable. Non-actionable allegations result from insufficient or dated information, prior corrective action, immateriality, or inappropriate use of the Hotline. If referred to a City department, OCA generally requests the department to investigate, take appropriate action and communicate results to OCA within 30 days.

We categorize resolved allegations as Substantiated (allegation was validated); Substantiated - No Violation (conditions cited were accurate but did not constitute a violation); Unsubstantiated; Department Resolution (lower risk issues requiring no further audit involvement); or Inconclusive (available evidence is not sufficient to determine the validity of the allegation).

Table 3 summarizes assignments and dispositions for allegations reported and/or resolved during fiscal year 2024.

<b>TABLE 3</b> <b>DISPOSITION</b>	<b>ASSIGNMENT</b>		
	<b>REFER</b>	<b>INVESTIGATE</b>	<b>TOTAL</b>
Department Resolution	12	0	12
Substantiated	2	3	5
Non-Actionable	N/A	N/A	7
Substantiated – No Violation	2	0	2
Unsubstantiated	3	8	11
Open/Ongoing Allegations	1	7	8
<b>TOTAL</b>	<b>20</b>	<b>18</b>	<b>45</b>

## ***Results***

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The City's ethics policy and Hotline are intended to enhance employee awareness and reporting of suspected fraud, waste, and abuse. Allegations resolved during fiscal year 2024, resulted in the following:

- ◆ Improved procedures and/or management controls over cash receipts.
- ◆ Enhanced awareness of and/or compliance with existing regulations and/or policies governing use of City equipment.
- ◆ Situation appropriate personnel-related actions, including employee counseling and termination.



## **Office of the City Auditor Independence Notification**

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***Fiscal Year 2025***

Policies and procedures adopted by the Mayor and City Council for the Office of the City Auditor require the City Auditor to advise the Mayor and City Council of any existing or potential threats to independence in all matters relating to the performance of his responsibilities as the City Auditor.

*Government Auditing Standards*, issued by the U.S. Government Accountability Office, require auditors and audit organizations to maintain independence of mind and appearance so that their opinions, findings, conclusions, judgements and recommendations will be impartial and viewed as impartial by reasonable and informed third parties.

Independence impairments could result if the Office of the City Auditor is required to provide certain audit services relating to the following:

### ***Oklahoma City Employee Retirement System/Oklahoma City Deferred Compensation Board***

The City Auditor serves as a Trustee of the Oklahoma City Employee Retirement System (OKC Municipal Code, Sec. 40-92) and of the Oklahoma City Deferred Compensation Board (OKC Municipal Code, Sec. 40-133).

### ***Bid Committee***

The City Auditor is a member of the Bid Committee (City Charter, Article IX, §4). The City Auditor or designee must be present at all bid openings. The Bid Committee establishes policies and procedures for receiving, opening, and recording electronic bids.

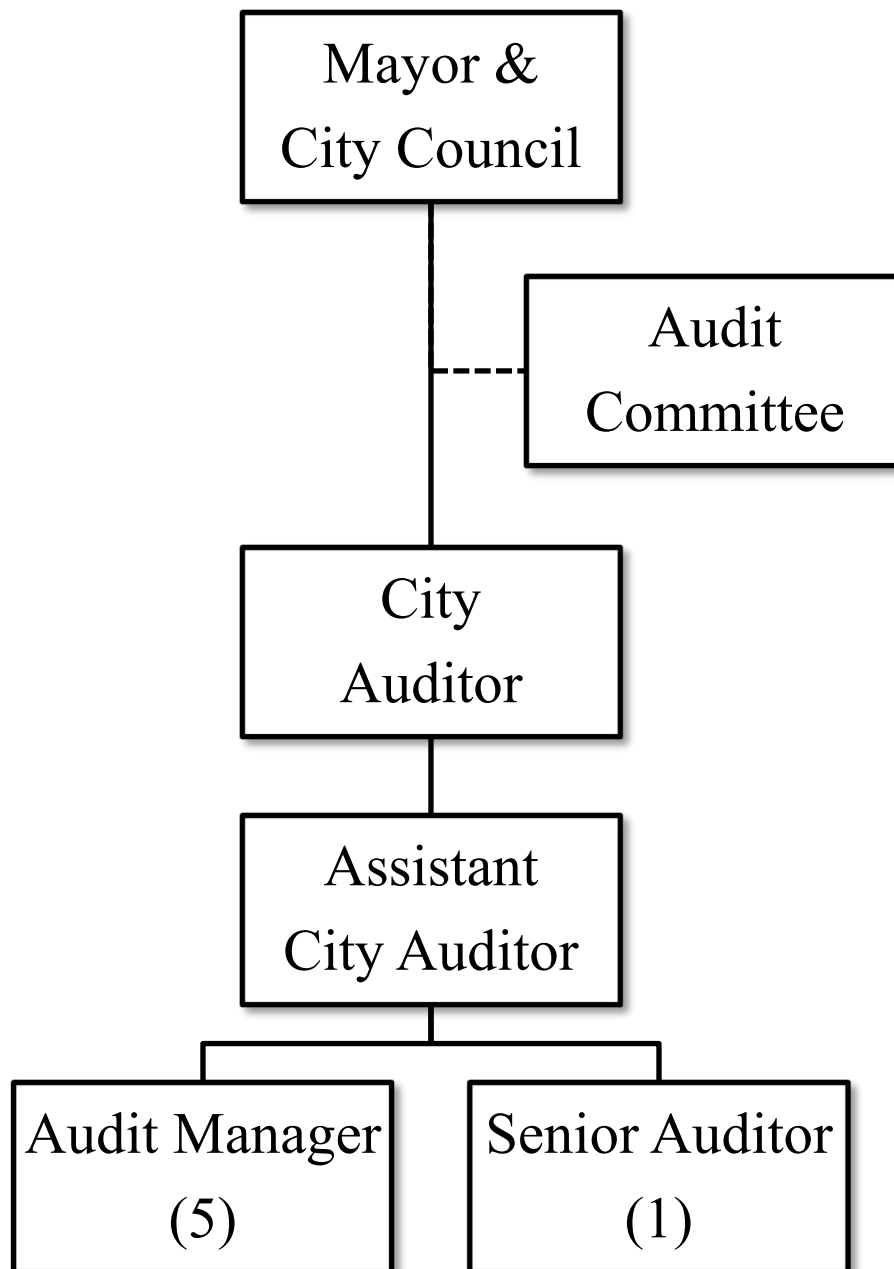
### ***Facility Access Policy***

The City Auditor approved the Public Facility Access Policy. The Policy is applied in administering access for the Mayor, Council and City Officials, as representatives of the people of Oklahoma City, to publically owned facilities during ticketed events.



## Office of the City Auditor Organization Chart

As of July 1, 2024



Note: Teams of auditors conduct audit engagements. Audit teams may vary in size and staffing levels depending on many factors including the complexity of the audit, technical proficiency required and qualifications of available staff. An appropriate level of supervision is required by *Government Auditing Standards* and will vary based upon the members of the audit team and complexity of the work performed.



## **Office of the City Auditor Personnel Profiles**

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***Matt Weller***  
***CPA***  
***City Auditor***

Matt joined the Office of the City Auditor in 2000, was appointed City Auditor in 2022, and has over 30 years of auditing experience. He has previously served on the ALGA Board of Directors and on the ALGA Peer Review Committee in various capacities including Chair. Matt has also previously served as President and Treasurer of the IIA's Oklahoma City Chapter, and on the Chapter Board of Governors. Matt is also a member of the AICPA and OSCPA.

***Lori Rice***  
***MBA, CIA***  
***Assistant***  
***City Auditor***

Lori joined the Office of the City Auditor in 2009. She has 15 years of auditing experience and over 15 years of experience in accounting and financial operations management. She is certified in the Six Sigma business process improvement strategy. Lori currently serves on the Strategy Committee for ALGA and has held several positions with the IIA's Oklahoma City Chapter, including President.

***Brett Rangel***  
***MS, CIA, CRMA***  
***Audit Manager***

Brett joined the Office of the City Auditor in 1995 and has over 27 years of auditing experience. He currently serves on the ALGA Publications Committee, having previously chaired the ALGA Communications Committee and served on the ALGA Online Resources Committee. Brett has also served in numerous positions in the IIA's Oklahoma City Chapter, including Board of Governors, President, Treasurer, and Chair of several committees.

***Janet McWilliams***  
***CPA***  
***Audit Manager***

Janet joined the Office of the City Auditor in 2009. She has 15 years of auditing experience and over 24 years of non-profit accounting and management experience. She currently serves on the ALGA Awards Program Committee, having previously served as Chair of ALGA's Long-Term Conference Planning Committee. She is also an IIA and OSCPA member.

***Christy Barron***  
***CPA***  
***Audit Manager***

Christy joined the Office of City Auditor in 2021. She has 12 years of auditing experience and five years of government financial management experience. Christy previously served on the Conference Committee for the Oklahoma Municipal Clerks, Treasurers and Finance Officials Association. She is also an ALGA and IIA member.

***Randall Daniel***  
***CIA, CFE, CPA***  
***Audit Manager***

Randall joined the Office of the City Auditor in 2022. He has 24 years of auditing experience in the private sector. He has served in numerous positions with the IIA's Oklahoma City Chapter including President. Randall is also a member of the AICPA, ACFE, and ALGA.

***John Stringer***  
***CIA, CPA***  
***Audit Manager***

John joined the Office of the City Auditor in 2023. He has over 13 years of auditing experience, including three years in government auditing. John has varied experience in assurance, risk consulting, IT auditing, data analysis, and financial modeling. He also has 12 years of experience in bank operations. John is currently pursuing the CISA certification. John is a member of the IIA and ALGA.

***Tim Alvarez***  
***CICA***  
***Senior Auditor***

Tim joined the Office of the City Auditor in 1989. He has over 37 years of auditing experience and two years of corporate accounting experience. Tim is a member of the IIC and ALGA and previously served on the Board of Governors for the IIA's Oklahoma City Chapter.

### **Certifications and Degrees**

***CIA*** = Certified Internal Auditor  
***CISA*** = Certified Information Systems Auditor  
***CICA*** = Certified Internal Controls Auditor  
***CFE*** = Certified Fraud Examiner  
***CPA*** = Certified Public Accountant  
***CRMA*** = Certification in Risk Mgmt. Assurance  
***MS*** = Master of Science  
***MBA*** = Master of Business Administration

### **Professional Organizations**

***ACFE*** = Association of Certified Fraud Examiners  
***AICPA*** = Association of International Public Accountants  
***ALGA*** = Association of Local Government Auditors  
***IIA*** = Institute of Internal Auditors  
***IIC*** = Institute for Internal Controls  
***OSCPA*** = Oklahoma Society of Certified Public Accountants



## **Office of the City Auditor** **Duties and Responsibilities**

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The duties and responsibilities of the City Auditor include but are not limited to the following:

- ◆ Determining whether management has established and complied with procedures and practices to ensure that:
  - City operations are being conducted efficiently and effectively, in a manner consistent with the intended objectives of the governing body and in compliance with applicable laws and regulations;
  - Resources including funds, contractual rights, property, and personnel are adequately safeguarded; and
  - Financial and management records and reports disclose fairly, accurately, and completely all information that is required by law, that is necessary to assess the City's financial position, and that is necessary to understand and evaluate the results of operations.
- ◆ Evaluating and reporting on the adequacy and effectiveness of the internal control structure established and utilized over the payment of municipal funds.
- ◆ Determining compliance with the Journal Entry of Judgment relating to the Public Safety Sales Tax Funds.
- ◆ Serving as a Trustee of the Oklahoma City Employee Retirement System and the Oklahoma City Deferred Compensation Board.
- ◆ Receiving, opening, and recording electronic bids as a member of the Bid Committee.

Additionally, the Mayor and City Council has authorized the City Auditor to provide audit services to Public Trusts of which the City is the beneficiary. Resolutions requesting audit services have been adopted by the following trusts:

- Central Oklahoma Transportation and Parking Authority
- Oklahoma City Airport Trust
- Oklahoma City Environmental Assistance Trust
- Oklahoma City Municipal Facilities Authority
- Oklahoma City Public Property Authority
- Oklahoma City Riverfront Redevelopment Authority
- Oklahoma City Zoological Trust

Policies and procedures adopted by the Mayor and City Council direct that the City Auditor conduct operations in accordance with *Government Auditing Standards*, which include requirements for quality assurance. These policies also direct the City Auditor to prepare an audit plan, provide periodic progress reports to the Audit Committee, and report audit results to the Mayor and City Council jointly.