



# OKLAHOMA OFFICE OF THE ATTORNEY GENERAL

Operational Audit

For the period July 1, 2015 through June 30, 2023

**Cindy Byrd, CPA**  
State Auditor & Inspector

**Audit Report of the  
Oklahoma Office of the Attorney General**

**For the Period  
July 1, 2015 through June 30, 2023**



June 10, 2024

**TO THE OKLAHOMA OFFICE OF THE ATTORNEY GENERAL**

We present the audit report of the Oklahoma Office of the Attorney General for the period July 1, 2015 through June 30, 2023. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**Oklahoma Office of the Attorney General  
Operational Audit**

**Background**

The Oklahoma Office of the Attorney General (the Agency) provides legal counsel and representation for state agencies and employees and represents the interests of Oklahoma consumers, the state's natural resources, and Oklahoma crime victims. The Agency is overseen by the Attorney General, an elected official.

The following table summarizes the Agency's sources and uses of funds for July 1, 2021 through June 30, 2023.

**Sources and Uses of Funds for FY 2022 and FY 2023**

	<b>2022</b>	<b>2023</b>
<b>Sources:</b>		
Appropriations	\$ 24,793,025	\$ 37,890,543
Grants, Refunds, & Reimbursements	7,371,719	11,136,659
Court Judgements and Other Revenue	5,729,149	20,615,682
Licenses, Permits, Fees & Taxes	1,520,148	1,884,329
Income from Registrations and Contributions	102,738	48,377
<b>Total Sources</b>	<b>\$ 39,516,779</b>	<b>\$ 71,575,590</b>
<b>Uses:</b>		
Personnel Services	\$ 18,932,495	\$ 24,477,548
Assistance, Payments to Local Govn'ts	9,211,535	15,824,527
Administrative Expenses	2,613,315	2,871,264
Professional Services	4,138,199	2,387,373
Property, Furniture, Equipment	1,118,278	592,641
Travel	100,236	180,865
Transfers and Other Disbursements	67	338
<b>Total Uses</b>	<b>\$ 36,114,125</b>	<b>\$ 46,334,556</b>

*Source: Oklahoma State Accounting System (unaudited, for informational purposes only)*

**Scope and  
Methodology**

Our audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duty it is to collect, disburse, or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period July 1, 2015 through June 30, 2023. To assess risk and develop our audit objective, we held discussions with management, distributed surveys to Agency personnel, and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue, expenditure, and asset-related data from the state accounting system and information gathered from Agency personnel to assess the related financial processes and trends for any notable risks.
- Reviewing mail logs and revenue reconciliation documentation pertaining to follow up on previous audit recommendations.
- Reviewing records of the Agency’s HR actions from the state accounting system and the Workday system to assess personnel changes with a financial impact during the audit period and reviewing a selection of payroll approval documentation for such changes.
- Reviewing inventory listings submitted to the Office of Management and Enterprise Services for the audit period and gathering information from management about inventory count processes.
- Reviewing pertinent statutes and regulations and assessing related risks.

One objective related to expenditures was developed as a result of these procedures and is discussed in the body of the report. No other significant risks or findings were identified.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

### Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*<sup>1</sup> outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

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<sup>1</sup> *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

**OBJECTIVE**

Determine whether the agency's internal control system is operating effectively in line with Government Accountability Office *Standards for Internal Control* to ensure expenditures are independently reviewed and approved.

**Conclusion**

The Agency's internal control system is not operating effectively in line with GAO *Standards for Internal Control* to ensure expenditures are independently reviewed and approved.

**Scope & Methodology**

To accomplish our objective, we performed the following:

- Documented our understanding of the expenditure processes through discussion with management and staff and review of documentation.
- Evaluated those processes and identified and assessed significant internal controls related to our objective.

**FINDINGS AND RECOMMENDATIONS**

**Independent, Detailed Expenditure Review Needed**

Most Agency expenditures are processed through the state accounting system, while payments for confidential vendors, such as those for Juror Services, are printed in house.

Finance Assistants are responsible for processing the in-house checks through QuickBooks and entering the Agency's expenditures into the state accounting system. Division Unit Chiefs approve invoices for their divisions. The Chief Operating Officer approves other invoices, all payments in the state accounting system, and in-house checks. The Chief Operating Officer also performs a monthly expenditure analysis by division. While a line-item detailed expenditure report may be used during this analysis for research purposes, it is not formally and consistently reviewed.

The Chief Operating Officer has the abilities to enter payments in the state accounting system and to print checks from QuickBooks. It is Agency procedure for checks to be signed by both the Chief Operating Officer and the Senior Deputy Attorney General. However, no one other than the Chief Operating Officer reviews completed expenditures. While we did not note any concerns with payments, this could allow someone in the Chief Operating Officer's position to make inappropriate payments without detection.

According to GAO *Standards for Internal Control*:

- Management should design control activities to achieve objectives and respond to risks.
- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management should design alternative control activities to address the risks in the operational process.

### **Recommendation**

We recommend management ensure all completed expenditures are reviewed by a knowledgeable individual who is not involved in making the payments. One solution would include:

- Unit Chiefs reviewing the payments made for their divisions on a monthly or random basis, and
- Removing the Chief Operating Officer's access to enter payments in the state accounting system and print checks from QuickBooks, allowing him the independence to perform central expenditure reviews.

Any detailed expenditure review should be formally documented and retained for audit purposes.

### **Views of Responsible Officials**

The Agency appreciates the diligence and professionalism embodied in the Auditor and Inspector's report. In response to the report, the Office of Attorney General plans to implement practices recommended.

The Agency is in the process of implementing Unit Chief payment review.

Access to enter payments in the state accounting system and print checks from QuickBooks will be removed from the Chief Operating Officer and retained by other Office of Attorney General employees. Such changes will permit the Chief Operating Officer to conduct independent central expenditure reviews for the Agency.

We would note that the current Chief Operating Officer has served the Office of Attorney General and overseen all financial transactions for over a decade and has never entered a payment into the state accounting system and never printed a check out of QuickBooks, aligning with internal policies and procedures.

By executing the above-mentioned reforms, the Office of Attorney General anticipates that the exceptions in this report will be resolved.



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