



COURT OF CRIMINAL APPEALS

Operational Audit

For the period of July 1, 2016 through June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Court of Criminal Appeals**

**For the Period
July 1, 2016 through June 30, 2021**



Cindy Byrd, CPA | State Auditor & Inspector

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November 8, 2021

TO THE COURT OF CRIMINAL APPEALS

We present the audit report of the Court of Criminal Appeals for the period July 1, 2016 through June 30, 2021. 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



Background

The Oklahoma Court of Criminal Appeals (the Court) is the highest court in the State of Oklahoma with appellate jurisdiction in criminal cases. It is the state court of last resort in criminal matters. The Court derives its origin and jurisdiction from the state constitution, which was formulated by the constitutional convention and submitted to and adopted by the people of Oklahoma at the first election, held on September 17, 1907.

Members of this court are appointed by the governor from a list of three names submitted by the Oklahoma Judicial Nominating Commission.

Oversight is provided by the five judges appointed by the governor. As of August 2021, they are:

- Scott Rowland..... Presiding Judge
- Robert L. Hudson..... Vice-Presiding Judge
- Gary L. Lumpkin..... Judge
- David B. Lewis Judge
- Vacant Judge

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The following table summarizes the Court's sources and uses of funds for fiscal years 2020 and 2021 (July 1, 2019 through June 30, 2021).

Sources and Uses of Funds for FY 2020 and FY 2021

	2020	2021
Sources:		
Appropriations	\$ 3,977,067	\$ 4,022,707
Grants Refunds & Reimbursements	-	674
Total Sources	\$ 3,977,067	\$ 4,023,381
Uses:		
Personnel Services	\$ 3,830,909	\$ 3,950,818
Professional Services	52,298	51,212
Administrative Expenses	35,704	37,572
Travel & Other Uses	13,810	1,842
Total Uses	\$ 3,932,721	\$ 4,041,444

Source: Oklahoma Statewide 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, 2016 through June 30, 2021. To assess risk and develop our audit objective, we held discussions with management, reviewed documentation, and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue and expenditure data from the Statewide Accounting System and assessing the trends for any notable risks
- Reviewing the Court’s HR All Actions Report from the Statewide Accounting System to assess changes that had a financial impact during the audit period
- Analyzing top vendors and expenditures by dollar amount and reviewing a selection of expenditure documentation in detail
- Reviewing inventory listings and discussing the inventory count process with staff

One objective was developed as a result of the procedures performed, as discussed in the next section. 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*¹ outline the five overarching components of internal control: the control environment, risk assessment, information

¹ *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>

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.

OBJECTIVE Determine whether payroll changes that have a financial impact are properly documented and independently reviewed in accordance with Oklahoma Archives and Records Commission rules and *GAO Standards for Internal Control*.

Conclusion Payroll changes that have a financial impact are not properly documented and independently reviewed in accordance with the Oklahoma Archives and Records Commission and *GAO Standards for Internal Control*.

Objective Methodology To accomplish our objective, we performed the following:

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

FINDING AND RECOMMENDATION

Payroll Documentation Is Not Retained The Administrative Assistant is responsible for contacting the Office of Management and Enterprise Services, Human Capital Management (HCM) to initiate payroll changes. It was reported that emails are kept documenting payroll changes (such as hires, terminations, and pay rate changes). However, out of the four payroll changes we requested for review, the documentation provided for two did not contain enough detail for us to determine what change was being authorized, and documentation for the other two could not be located by court staff.

No Documented, Independent Review of Payroll Changes

Repeat Finding While the Presiding Judge formally approves monthly payroll claims, this document lacks detail that would provide the reviewer sufficient information to detect an unauthorized payroll change. The Presiding Judge is also provided the monthly earning statements for employees, but there is no evidence these documents are reviewed.

Without an independent review of all payroll actions supported by formal documentation, an unauthorized payroll change made by the Administrative Assistant or error made by HCM may not be detected.

According to *GAO Standards for Internal Control*:

- Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.
- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

- Management should take adequate and timely actions to correct deficiencies reported by the external auditors.

In addition, the Oklahoma Archives and Records Commission Consolidated Records Disposal Schedule requires payroll documentation be retained in office for certain lengths of time, ranging from after audit completion to permanently for some personnel documents. While it is unclear whether the Schedule applies directly to the Court, it provides guidelines which would serve well as best practices.

Recommendation

We recommend formal documentation of all payroll actions sent to HCM be retained. In addition, management should review detailed payroll records from the HCM system to ensure the completed payroll actions are appropriate and accurate. Documentation of this review should be retained.

We were informed by Court staff that the Administrative Office of the Courts will be taking over the payroll functions for the Court of Criminal Appeals later this year. We believe these recommendations are applicable to whomever is initiating payroll actions and reviewing payroll for the court.

Views of Responsible Officials

We have been informed that our practice of documenting new hires, separations, and raises by retaining e-mail correspondence between our Court and OMES is inadequate. Thus, we have begun utilizing a standardized form from OMES to document such changes to payroll, and we will retain those forms in our records showing review and approval by the Presiding Judge. This will ensure that no unauthorized changes to payroll ever occur. To date, no such unauthorized payroll change has been alleged nor revealed, nor is any Court personnel aware that any such unauthorized change has ever occurred.

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