



# OKLAHOMA COUNTY, OKLAHOMA INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

For the fiscal year ended June 30, 2023

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

**OKLAHOMA COUNTY, OKLAHOMA  
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*  
FOR THE YEAR ENDED JUNE 30, 2023**

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**OKLAHOMA**  
Office of the State Auditor & Inspector

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April 4, 2025

TO THE CITIZENS OF  
OKLAHOMA COUNTY, OKLAHOMA

Transmitted herewith is the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* of Oklahoma County, Oklahoma for the fiscal year ended June 30, 2023. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

A report of this type is critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



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

TO THE OFFICERS OF  
OKLAHOMA COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oklahoma County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Oklahoma County's basic financial statements, and have issued our report thereon dated March 24, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Oklahoma County Public Buildings Authority, the Oklahoma County Finance Authority, the Oklahoma County Criminal Justice Authority, and the Defined Benefit Retirement Plan of the Employees' Retirement System of Oklahoma County, as described in our report on Oklahoma County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oklahoma County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma County's internal control. Accordingly, we do not express an opinion on the effectiveness of Oklahoma County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the

accompanying schedule of findings and responses as items 2023-001 and 2023-003 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oklahoma County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-003.

### **Oklahoma County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Oklahoma County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Oklahoma County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 24, 2025

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**SECTION 1 - Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

**Finding 2023-001 – Lack of Internal Controls Over the Financial Statements and Disclosures**

**Condition:** Management of the County is responsible for preparing their Annual Comprehensive Financial Report (ACFR), which consists of the County's basic financial statements, notes to the financial statements, and required supplementary information prepared in accordance with Generally Accepted Accounting Principles (GAAP). Management has not designed and implemented internal controls necessary to prepare the ACFR. Further, management does not possess the skills, knowledge, and experience needed to ensure the accurate and complete presentation of the ACFR. During the review of the original ACFR prepared by the County, the following weaknesses were noted:

- Three (3) new funds created in the fiscal year ending June 30, 2023 were excluded:
  - County Jail Bond Fund in the amount of \$46,311,597.
  - Capital Project – New Jail Facility Fund in the amount of \$3,000,000.
  - ARPA – Local Assistance and Tribal Consistency Fund in the amount of \$50,000.
- Investment Income in the amount of \$2,000,000 reported in the American Rescue Plan Act fund should have been reported in the General Fund.
- The Government-Wide Financial Statements and the Notes to the Financial Statements did not include \$1,000,000 in Current Liabilities for Judgments Payable and \$2,000,000 in Noncurrent Liabilities for Judgments Payable.
- The Notes to the Financial Statements overstated Property Taxes Receivable in the amount of \$2,003,344.
- The General Fund – Budget to Actual Comparison Schedule in the Required Supplementary Information excluded two (2) accounts:
  - Employee Benefits Supplement – Final Budget and Actual Amounts in the amount of \$3,567,970.
  - Self-Insurance Supplement – Final Budget and Actual Amounts in the amount of \$296,900.

The items above were corrected on the appropriate financial statements and schedules after they were brought to the attention of the County.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the amounts and disclosures in the County's basic financial statements, notes to the financial statements, and required supplementary information is identified and reported accurately.

**Effect of Condition:** These conditions resulted in the County continually having to present revised information for the ACFR and could result in misstated financial statements, notes to the financial statements, and required supplementary information.

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Recommendation:** The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the County design and implement policies and procedures to ensure all of the County's financial activities are properly identified and reported accurately and completely.

**Management Response:**

**Chairman of the Board of County Commissioners:** The County Clerk has corrected all weaknesses noted: 1) They have included the three (3) funds created in the fiscal year ending June 30, 2023, 2) Investment income reported in the ARPA Fund is now reported in the General Fund, 3) The Government-wide Financial Statements and the Notes to the Financial Statements now include the monies in Current Liabilities for Judgments and Noncurrent Liabilities for Judgments Payable, 4) Property Tax Receivable is now correct in the Notes to the Financial Statements, and 5) The Employee Benefits Supplement-Final Budget and Actual Amounts and the Self Insurance Supplement-Final Budget and Actual Amounts are now included in the General Fund-Budget to Actual Comparison Schedule. Oklahoma County will design and implement policies and procedures to ensure all the County's financial activities are properly identified and reported accurately and completely.

**County Clerk:** The current Oklahoma County Clerk, Maressa Treat, took office in April 2023, in the waning months of FY 2023. The former County Clerk resigned mid-term, leaving the office in a state of disarray. In the time leading to Clerk Treat's tenure, all three finance staff members, including the division director, retired within thirteen months. When these employees separated from Oklahoma County, they took with them a combined 90 years of county finance experience and critical knowledge without leaving intelligible instructions for their successors. Our present-day finance team members are qualified and capable professionals that have navigated many challenges during this time.

As difficult as the past year has been, our office has made great strides to implement an enterprise system to streamline manual processes and minimize reliance on one person or team to complete critical tasks. We have invested in training for several key employees to prepare them to fully implement the system. We have developed written policies and procedures, together with an ACFR requirement checklist, to guide our staff in the submission of accurate and timely reports. We also expanded our contract with an external specialist in governmental accounting to support our new team in their efforts. The County Clerk's office will continue to develop our team and explore options that will strengthen our ability to deliver the ACFR and other required financial reports in the future.

**Criteria:** The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 2 – Establishing an Effective Internal Control System – Objectives of an Entity – OV2.16 states:

Management, with oversight by an oversight body, sets objectives to meet the entity's mission, strategic plan, and goals and requirements of applicable laws and regulations.

**OKLAHOMA COUNTY, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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Management sets objectives before designing an entity's internal control system. Management may include setting objectives as part of the strategic planning process.

The GAO Standards – Principle 4 – Demonstrate Commitment to Competence states:

*Expectation of Competence*

4.02 – Management establishes expectations of competence for key roles, and other roles at management's discretion, to help the entity achieve its objectives. Competence is the qualification to carry out assigned responsibilities. It requires relevant knowledge, skills, and abilities, which are gained largely from professional experience, training, and certifications. It is demonstrated by the behavior of individuals as they carry out their responsibilities.

Additionally, Principle 13 – Use of Quality Information states:

*Identification of Information Requirements*

13.02 – Management designs a process that uses the entity's objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks. Information requirements consider the expectations of both internal and external users. Management defines the identified information requirements at the relevant level and requisite specificity for appropriate personnel.

*Data Processed into Quality Information*

13.05 – Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information. Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.

A basic objective of (GAAP) is to provide accurate and reliable information.

The County is required to present a financial statement for each fiscal year ended June 30. Title 19 O.S. § 171 states, in part,

Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting.



**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Finding 2023-003 – Lack of Internal Controls and Noncompliance Over the Purchasing Process  
(Repeat Finding – 2022-002)**

**Condition:** Upon inquiry and observation of the County's expenditure process and the testwork performed, the following was noted:

**Non-Major Fund:** For our sample of 30 of the 683 expenditures:

- Two (2) expenditures totaling \$198,779 were not timely encumbered.

**Accounts Payable Non-Major Fund:** For our sample of 22 of the 276 expenditures:

- Two (2) expenditures totaling \$4,187 were not supported by adequate documentation.

**Accounts Payable General Government:** For our sample of forty (40) expenditures:

- Two (2) disbursements totaling \$31,234 were not timely encumbered.

**Cause of Condition:** Policies and procedures regarding the expenditure process have not been designed and implemented to ensure compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in inaccurate records, incomplete information, and/or misappropriation of assets.

**Recommendation:** OSAI recommends that the County adhere to state statute. Purchase orders should be encumbered before goods or services are ordered. All purchases should be properly requisitioned, encumbered, approved, and reviewed with proper supporting documentation attached.

**Management Response:**

**Chairman of the Board of County Commissioners:** Oklahoma County will adhere to state statute. Purchase orders will be encumbered before goods or services are ordered. All purchase orders will be properly requisitioned, encumbered, approved, and reviewed with proper supporting documentation attached.

**County Clerk:** The Oklahoma County Clerk's office will develop policies and procedures in accordance with 19 O.S. § 1505 and will share this document with all departments within the County to reiterate statutory requirements.

The office will also expand internal controls by offering training opportunities for employees/departments by request and any time a violation occurs. The Accounts Payable department currently provides notice of improper purchase by e-mail but will fortify this process by sending formal notices to the elected official, department head, and purchaser to notify them of future violations. The notice will offer supplementary training for the purchaser and/or department to prevent further non-compliance with purchasing laws.

**OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**Criteria:** The GAO Standards – Section 2 – Establishing an Effective Internal Control System - Objectives of an Entity – OV2.23 states in part:

*Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

**SECTION 2 - This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.**

No matters were reported.



Cindy Byrd, CPA | State Auditor & Inspector

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