



State Auditor & Inspector

**FY 2023 Budget Hearing
Presentation**

Cindy Byrd, CPA

SAI CREDENTIALS

#	CREDENTIAL
18	CPA
7	CFE Certified Fraud Examiners
6	Master Of Business Administration
5	CIA Certified Internal Auditors
3	Master Of Science In Accounting
4	Certified Government Auditing Professional
3	Certified Government Financial Manager
1	CICS Certified Internal Control Specialist
1	CISA Certified Information Systems Auditor
1	JD Attorney
1	Certified Fraud Specialist
1	Certified Global Management Accountant



FORENSIC DIVISION 8

74 O.S. § 212
74 O.S. § 18(f)

Financial Statement Audit

STATE DIVISION 30

74 O.S. § 212(B)(1)
74 O.S. § 212(B)(3)

SPECIALIZED DIVISION 10

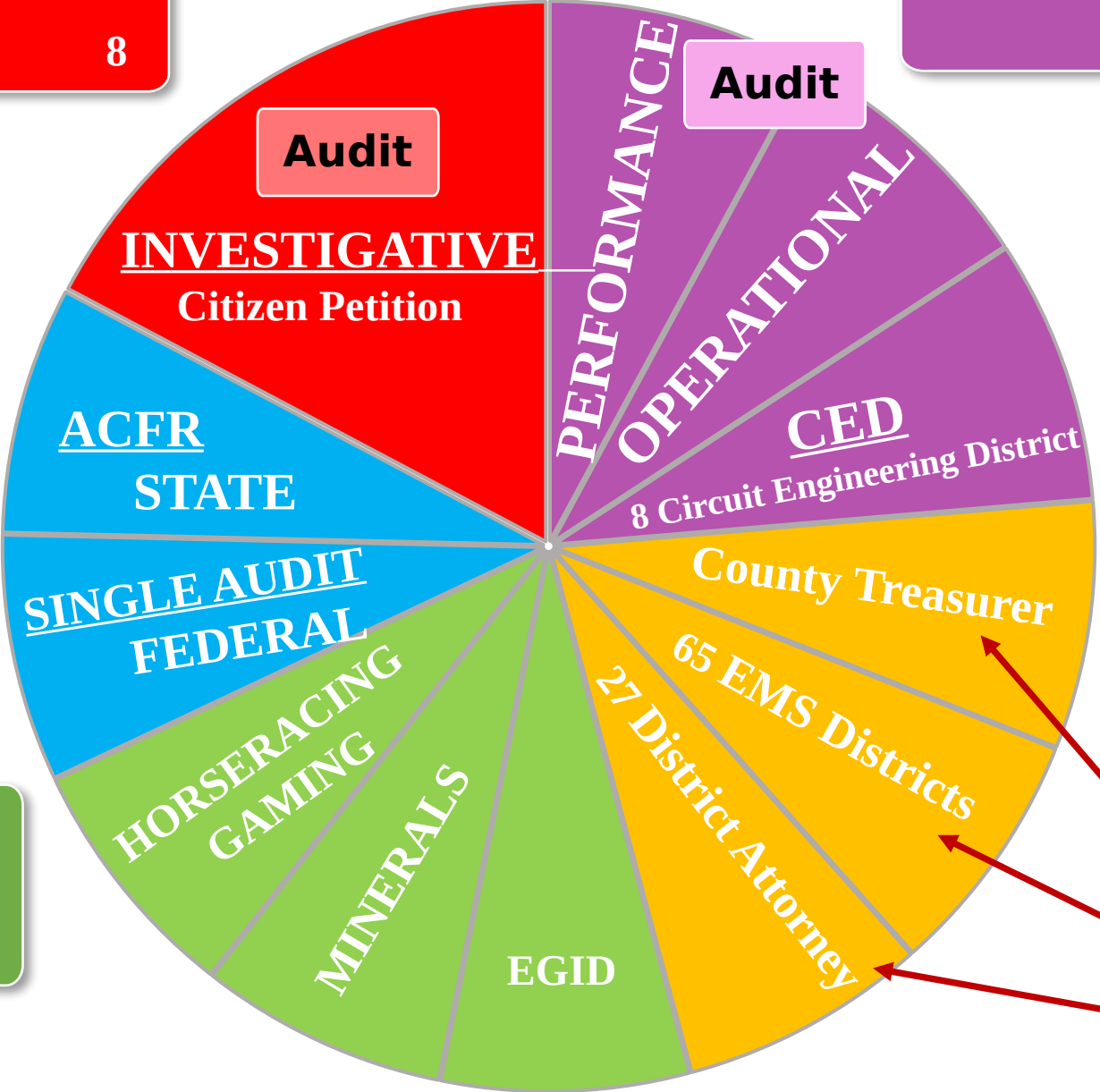
3A O.S. § 204(A)(9)
3A O.S. § 261 & 263

By Request

By Request

PERFORMANCE DIVISION 11

74 O.S. § 212(B)(1) (2)
74 O.S. § 213.2
69 O.S. § 687.1(D)



Audit

Audit

Applies all Types of Audits

COUNTY (77) DIVISION 50

19 O.S § 177.1-177.7

Article VI § 19
Article X § 9C

74 O.S. § 212(E)

AUDITS FILED WITH SAI

ONLINE AUDIT FILING

Any public accountant or certified public accountant filing an audit, performance audit, agreed-upon-procedures report or other attestation engagement report with the State Auditor and Inspector pursuant to this section shall be required to pay a filing fee of One Hundred Dollars (\$100.00) for the purposes of processing such reports and ensuring compliance with the provisions of this section. (74 OS § 212A.2.)

[Information on How to File](#)

[State Auditor Policy on Public Trust Filings](#)

[SAI Forms 2643, 2644, and 2645](#)

Please note that you can now make payments larger than \$100 in order to submit multiple audits. When submitting multiple audits, use the same Transaction ID for each Audit Submit.

Audit Firm Name:	<input type="text"/>
Firm Email Address:	<input type="text"/>
Entity Name:	<input type="text"/>
Entity Type:	<input type="text" value="- Select an Entity Type -"/>
Reporting Period:	<input type="text"/> (MM-DD-YYYY)
Type of Report:	<input type="text" value="- Select a Report Type -"/>
Transaction ID:	<input type="text"/> Click HERE to pay filing fee and obtain Transaction ID number
Select PDF file to upload:	<input type="button" value="Choose File"/> No file chosen

SUBMIT REPORT

COVID-19 RELIEF FUNDS

- **CFR FUNDS** – 1.25B - 83M
- **MEDICAID** – 163.5M (FFCRA)
- **UI** – 1.4B

CARES ACT

\$3.5B

2019-2020

**Coronavirus Aid,
Relief, and Economic
Security Act**

FFCRA, CPRA, CAA

**STATE
DIVISION**

ARPA

2021

**THE
AMERICAN
RESCUE
PLAN**

State auditor finds problems with Oklahoma's COVID-19 relief fund spending, unemployment

STATE
DIVISION

Barbara Hoberock Jul 19, 2021 Updated Jul 21, 2021 0

The audit report, released by State Auditor and Inspector Cindy Byrd, also found problems with how the state handled unemployment insurance during the pandemic.

- **Paid \$2.3B in unemployment claims**
- **4-500M were fraudulent claims**



COUNTY (77)
DIVISION

ARPA

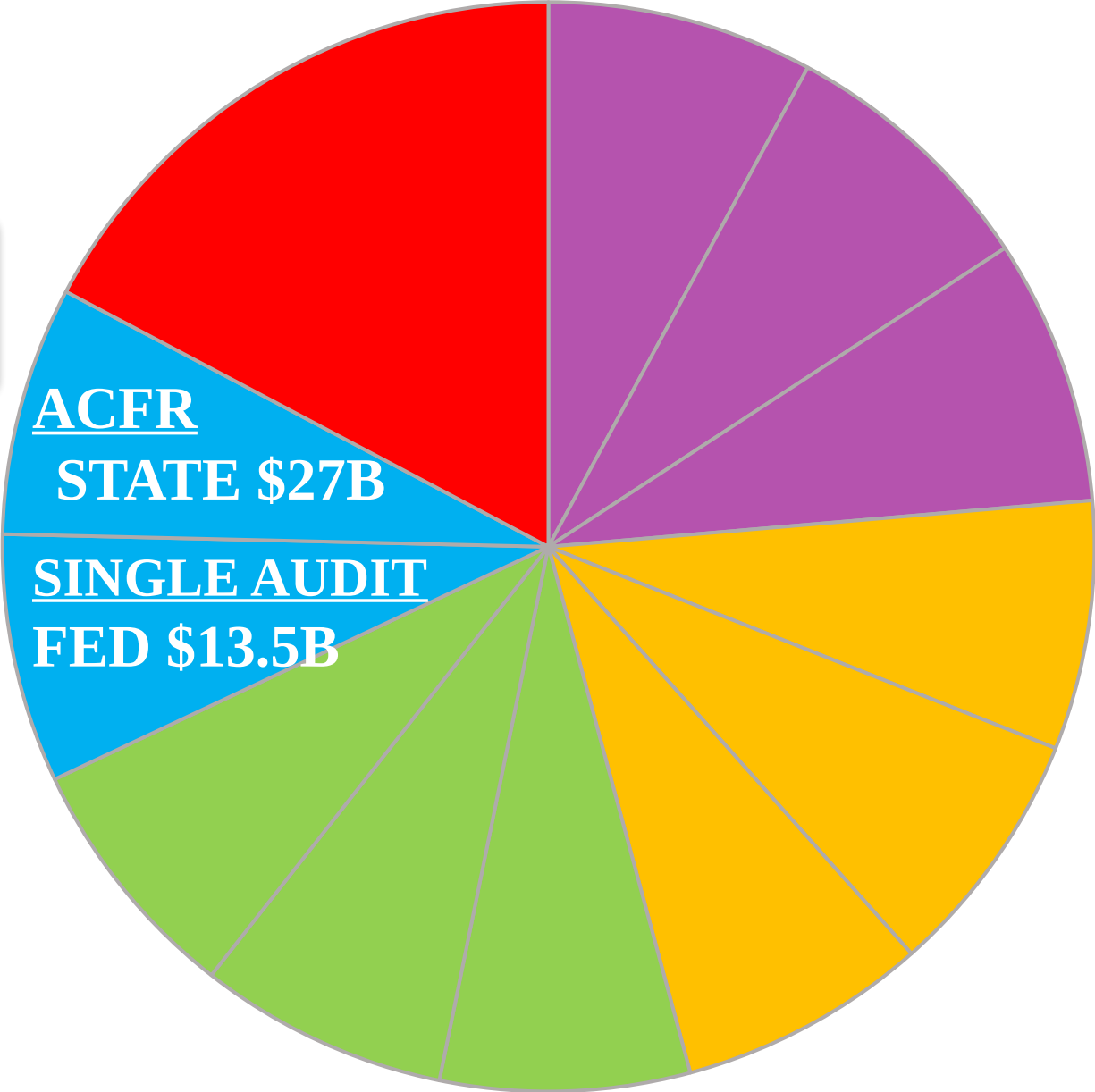
American Rescue Plan Act

Making Sense of its
Guidelines for
Allowable Costs & Reporting



**STATE
DIVISION 30**

74 O.S. § 212(B)(1)
74 O.S. § 212(B)(3)



ANNUAL COMPREHENSIVE FINANCIAL REPORT

ACFR

STATE \$27B

SINGLE AUDIT

FED \$13.5B

ACCURATE
PRESENTATION of
Financial Statement
Audits

176

83 STATE AGENCIES



INVESTIGATIVE

PERFORMANCE

OPERATIONAL

62 BOARDS/COMMISSIONS/TRUSTS

31 COLLEGES/UNIVERSITIES

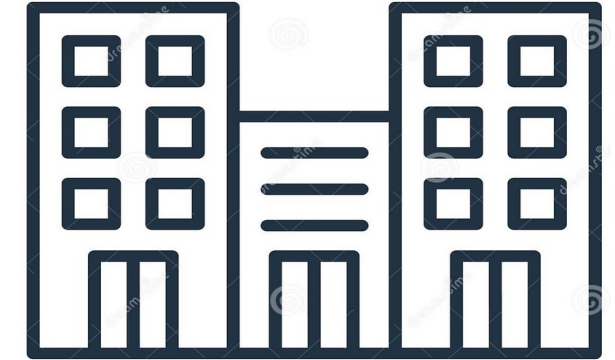
ACFR
STATE \$27B
SINGLE AUDIT
FED \$13.5B

FEDERAL MATRIX

- TANF**
- SNAP**
- DAYCARE**
- ADOPTION**

- **30M THRESHOLD**
- **3yr. ROTATING BASIS**

➤ **RE-AUDIT**



DHS

DHS SINGLE AUDIT

FY18 Audited Programs	Federal Expenditures
Child Support	\$30,627,228
Foster Care	\$69,555,492
SNAP	\$879,593,771
Medicaid Admin	\$55,314,770
CNC/Commodities	\$26,154,462
	\$1,061,245,723

2018 Engagement Letter

\$350,000 - 4 ACFR - 5 SINGLE

FY19 Audited Programs	Federal Expenditures
TANF	\$29,316,746
Daycare	\$155,829,210
Foster Care	\$90,575,060
SNAP	\$854,964,128
SSBG	\$33,639,593
Medicaid Admin	\$47,034,385
CNC/Commodities	\$24,237,789
CACFP/Commodities	\$181,585
	\$1,235,778,496

2019 Engagement Letter

\$465,000 - 4 ACFR - 8 SINGLE

FY20 Audited Programs	Federal Expenditures
TANF	\$39,718,300
LIHEAP	\$51,373,190
Daycare	\$144,622,377
Foster Care	\$67,964,164
SNAP	\$985,675,867
SSBG	\$32,061,919
Adoption Asst.	\$93,971,416
Medicaid Admin	\$49,926,919
CNC/Commodities	\$24,403,303
	\$1,489,717,455

2020 Engagement Letter

\$670,000 - 4 ACFR - 9 SINGLE

FY21 Audited Programs	Federal Expenditures
TANF	\$34,225,385
Child Support	\$35,724,878
Daycare	\$233,350,969
Foster Care	\$70,649,648
SNAP	\$1,494,768,501
SSBG	\$34,351,320
Adoption Asst.	\$101,381,260
Pandemic EBT	\$85,291,100
Food Distribution	\$30,591,953
Medicaid Admin	\$48,511,396
	\$2,168,846,410

2021 Engagement Letter

\$782,000 - 4 ACFR - 10 SINGLE

SNAP — \$50,000 (2018-4yrs)

- EBT Card Security Requirement
- Review Discrepancies of Income Levels`

TANF — \$90,000-\$100,000 (2019-3yrs)

- Need Meetings for Action Plan

DAYCARE — \$80,000 (2019-3yrs)

- Checklist for Health & Safety Standard Visits
- Matching Requirements
- Review Discrepancies of Income Levels

FOSTER CARE — \$50,000 (2017-5yrs)

- Subrecipient Monitoring Requirement

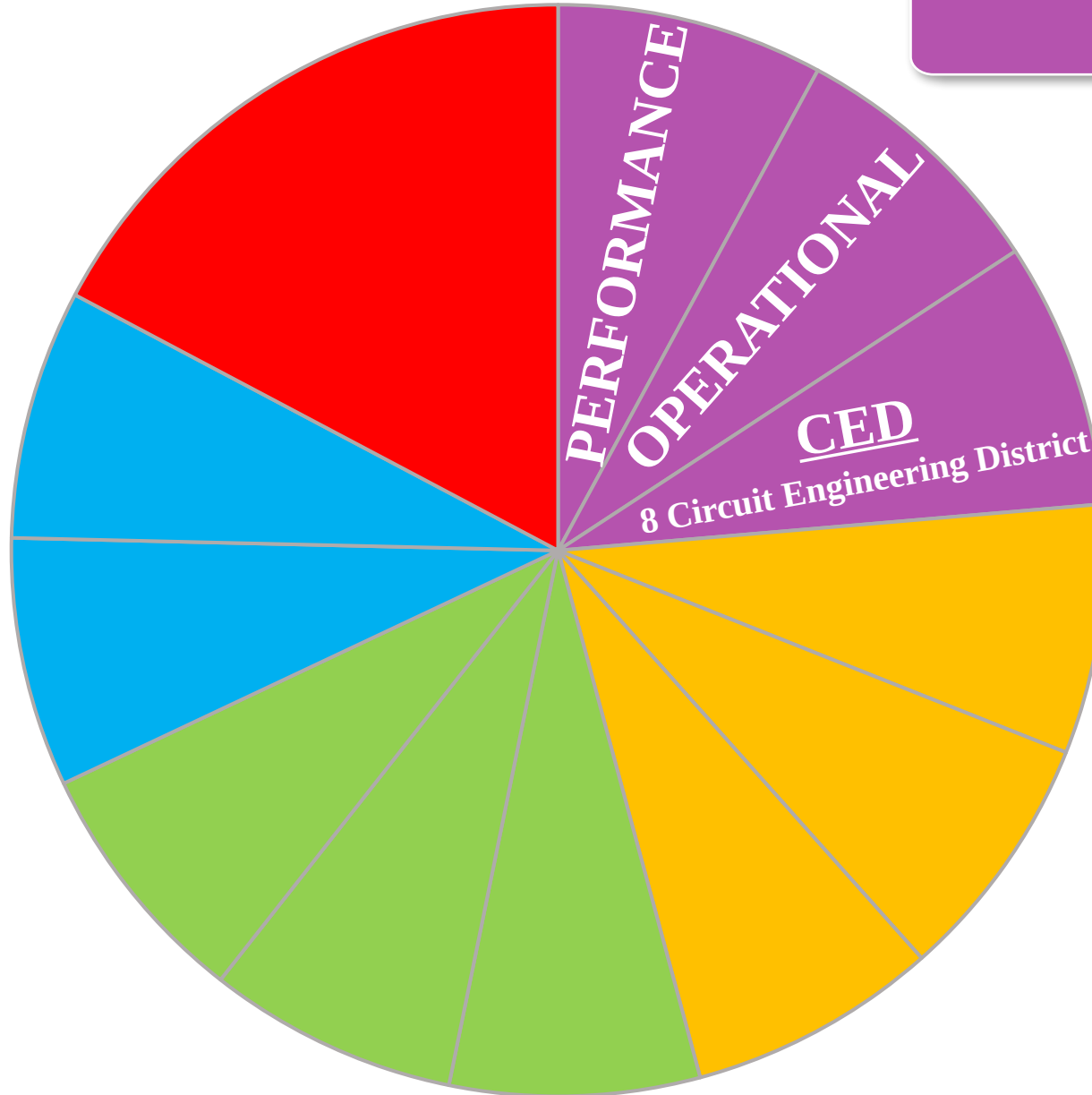
SINGLE AUDIT – FEDERAL GRANTS

2019 State Agencies	# of Findings	REPEATS	<u>FEDERAL</u> Questioned Costs
SDE	16	(11)	\$22,543
Office of Emergency Management	5	(4)	\$38,260
OESC	2	(2)	\$37,075
OHCA	7	(5)	\$2,360*
Dept. of Health	9	(2)	\$57,208
Rehabilitation Services	4	(0)	\$242,188
OMES & Tax Commission	2	(0)	\$0
OTC	2	(0)	\$0
DHS	20	(3)	\$22,470,696 \$20,769,780 (state match)

2020 State Agencies	# of Findings	REPEATS	<u>FEDERAL</u> Questioned Costs
SDE	19	(11)	\$114,462
Office of Emergency Management	4	(2)	\$86,241
OESC	7	(1)	\$102,775
OHCA	4	(2)	\$2,756*
Dept. of Health	2	(0)	\$0
Rehabilitation Services	2	(2)	\$0
DHS	24	(11)	\$27,674,908 \$7,391,874 (state match)

PERFORMANCE DIVISION 11

74 O.S. § 212(B)(1) (2)
74 O.S. § 213.2
69 O.S. § 687.1(D)



> \$3M

OKLAHOMA Tax Commission

ENROLLED SENATE
BILL NO. 870, 2021

1. ACFR: 74:21 ~~Est.~~ **\$175,000**

2. ~~Financial~~
~~Operational Audit~~ **Est. \$60-80,000**
Statement: 74:212A

ENROLLED SENATE
BILL NO. 1922, 2020
Pg. 15 Section 54

the duties imposed upon the Oklahoma Tax Commission by law. Of those funds appropriated, the Oklahoma Tax Commission shall pay an amount not to exceed Two Hundred Twenty Thousand Dollars (\$220,000.00) for the personal services and other operating expenses of the Office of the State Auditor and Inspector in performing audits of the Oklahoma Tax Commission and motor license agents as required by law.

ENROLLED HOUSE
BILL NO. 2900, 2021
Pg. 11 Section 40

upon the Oklahoma Tax Commission by law. Of those funds appropriated, the Oklahoma Tax Commission shall pay an amount not to exceed Two Hundred Thousand Dollars (\$200,000.00) for the personal services and other operating expenses of the Office of the State Auditor and Inspector in performing audits of the Oklahoma Tax Commission and motor license agents as required by law.

FORENSIC DIVISION

8

74 O.S. § 212
74 O.S. § 18(f)



MUNICIPALITY	COST	REQUEST
AFTON	\$50,000	PETITION-OMA/ORA
ALVA	\$60,000	PETITION -OMA/ORA
BENNINGTON	\$75,000	PETITION- OMA/ORA
BLACKWELL		DA
BOYNTON		
BRADLEY	\$50,000	PETITION- OMA/ORA
CALVIN	\$75,000	PETITION-OMA/ORA
CARNEGIE		
CHEROKEE		DA
CLAREMORE	\$90,000	BOARD
CLAYTON		DA
COYLE		DA
FORT TOWNSON		DA
GRANDFIELD		DA
HENRYETTA	\$75,000	PETITION
HOLDENVILLE	\$90,000	PETITION-OMA/ORA
HOLLISTER		DA
JONES		BOARD
KEOTA		DA
KONAWA		BOARD AND DA
LONE WOLF		BOARD
MCALESTER	\$75,000	PETITION-OMA/ORA
OCHELATA	\$85,000	PETITION-OMA/ORA
PAULS VALLEY	\$75,000	PETITION-OMA/ORA
PIEDMONT		BOARD
RED ROCK		DA
SHADY POINT		BOARD
SHAWNEE		DA
SPENCER		CITIZEN PETITION
TALIHINA		
TRYON		BOARD
WAUKOMIS		DA
WYNNEWOOD		

33

TOP 10

1. OMA/ORR
2. Utility Billing
3. Expenditures; Credit Cards
4. Revenues; Cash
5. Malfeasance w/ fines; fees; excessive rates
6. Improper Transfers or Diverting Funds
7. Payroll
8. Vendor Contracts
9. Related Party Transactions-Nepotism
10. Elections/Campaign Contributions

UNBILLABLE HOURS

CITIES & TOWNS REFORM

2022 Session

50,000 in revenue to all funds, including component units of which the municipality is a beneficiary, during a fiscal year

If a municipality has a population of less than 2,500

- **biennial** financial statement audit or
- **biennial** (AUP)
- **extended filing deadline**

The current 7 AUP's are repealed and replaced with

“specific agreed upon procedures shall be prescribed by the State Auditor’s Office in collaboration w OML, Municipal Clerks and Treasurers Association, and a CPA”

Municipality Accountability Assistance

The gas tax funds being withheld shall be remitted to the of the State Auditor & Inspector for the purpose of assistance

SCHOOL INVESTIGATIVE AUDITS

FORENSIC DIVISION

SCHOOL	REQUEST	RELEASE DATE
Seeworth Academy	SDE Request	Nov. 2021
Epic Charter School	Gov. Request	Oct. 2020
Chickasha Public	Petition	Jan. 2019
Geary Public	DA Request	Dec. 2018
Luther Public	Petition	March 2018
Able Charter	School Board Request	Dec. 2017
Gage Public	Petition	Sept. 2017
Wynnewood Public	Petition	March 2017
Crooked Oak Public	Petition	Sept. 2016
Dustin Public	School Board Request	April 2016
Dove Charter	School Board Request	March 2016

PENDING

SCHOOL	REQUEST	TOPIC
OKC, Ponca City, Caney Valley, Enid, Mid-Del	Board Request	Funding Formula
Talihina Public	Petition	Financial Management Questions
Stillwater Public	DA Request	Misappropriation of Funds
Billings Public	DA Request	Misappropriation of Funds
Epic Part 2	Governor Request	Financial Management and Enrollment
Western Heights	SDE/Board	Financial Management and Superintendent abuses
Santa Fe Charter	Board Request	Compliance

OVERSIGHT

SCHOOL BOARD

PENALTIES

FINES

\$21M

2015-2021



NEW BOARD



\$80M

2021

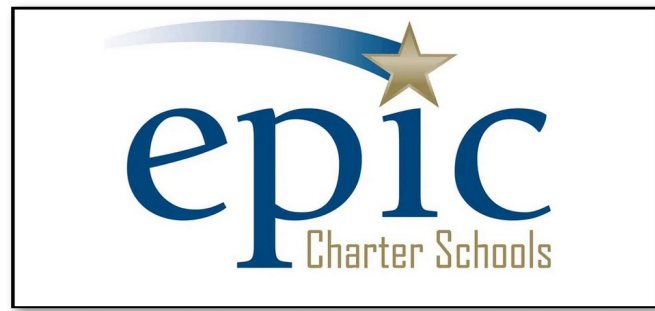
OKLAHOMA CHARTER SCHOOLS ACT

70 O.S. § 3-130 et seq

SPONSOR



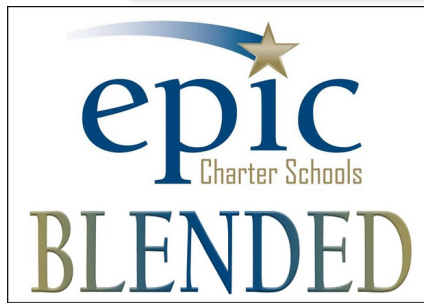
\$3.7M
2020-21



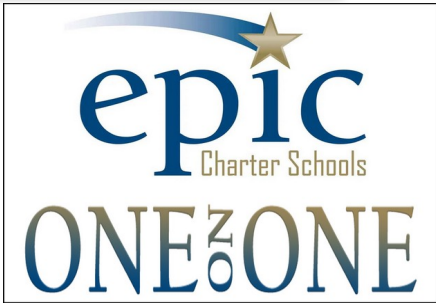
STATE AGENCY SPONSOR



AMICUS AGAINST RECORDS



2017



2011

SETTLEMENT

Title 70 O.S. § 22-103

Financial Statement Audit

10% \$68M

2015-2021



LF \$145M

2015-2021



AG

Epic Charter Schools governing board severs all ties with co-founders' for-profit firm and California school **May 26, 2021**

2021

Andrea Eger May 27, 2021 Updated Jul 3, 2021 1

- \$40M to a COMPANY
- Mediocre Technology

2022

- \$39M to the STUDENTS
- \$1M Technology Upgrade



“the school will see a 20% increase in per student funding and a saving 40M in one year.”

Epic Charter Schools audit prompts investigative audit at OK Department of Education

Andrea Eger Sep 17, 2021 Updated Sep 17, 2021 0

OBJECTIVE #1

- Identify all revenue sources flowing into OSDE: federal, state, and local taxes AND determine whether the revenues and expenditures were made in accordance with the law

How is my dollar reaching the student in the classroom?

OBJECTIVE #2

- Determine if SDE and OK school districts are complying with OCAS financial reporting requirements

Do schools spend too much on administrative costs?

FORENSIC DIVISION 8

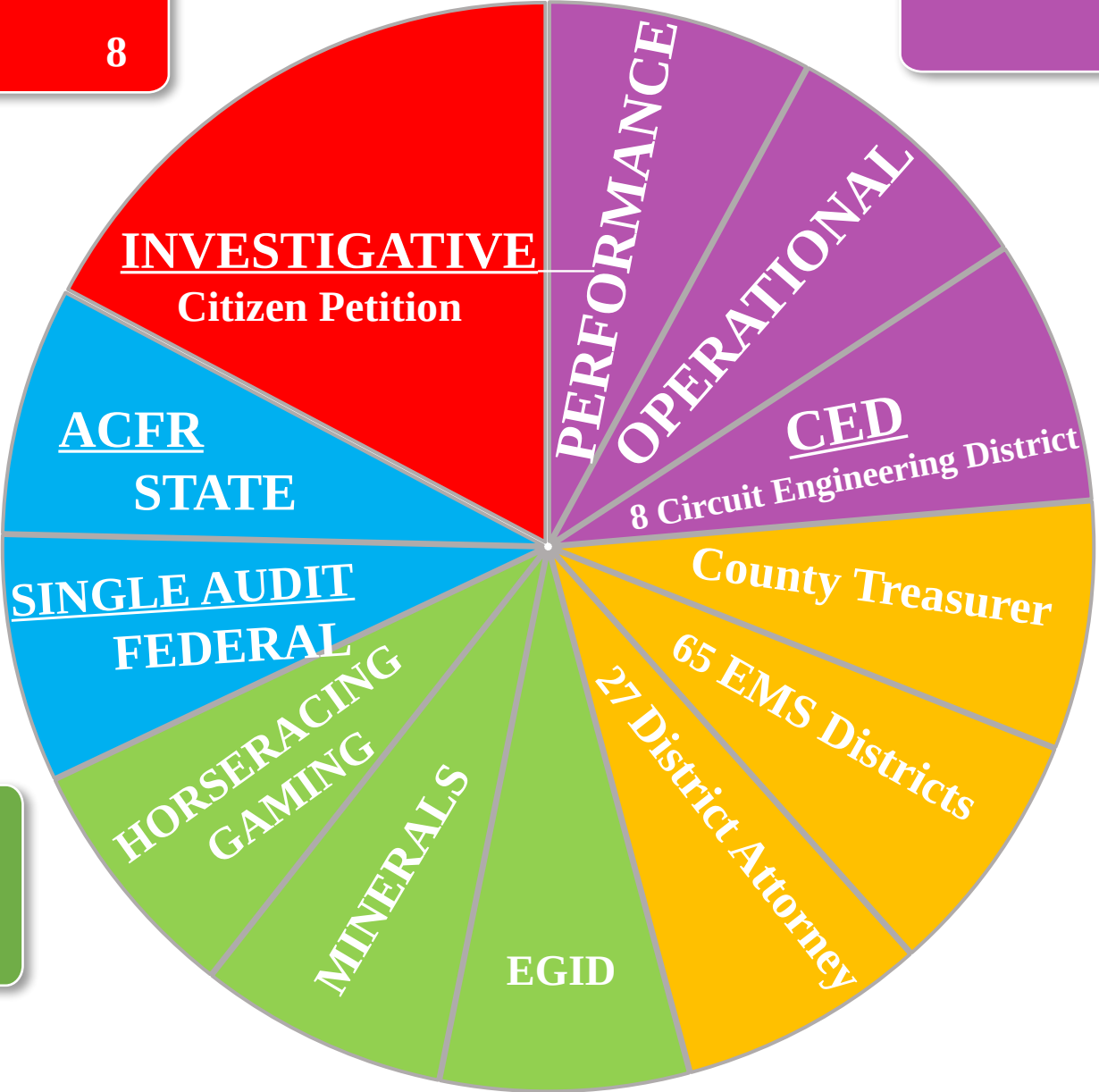
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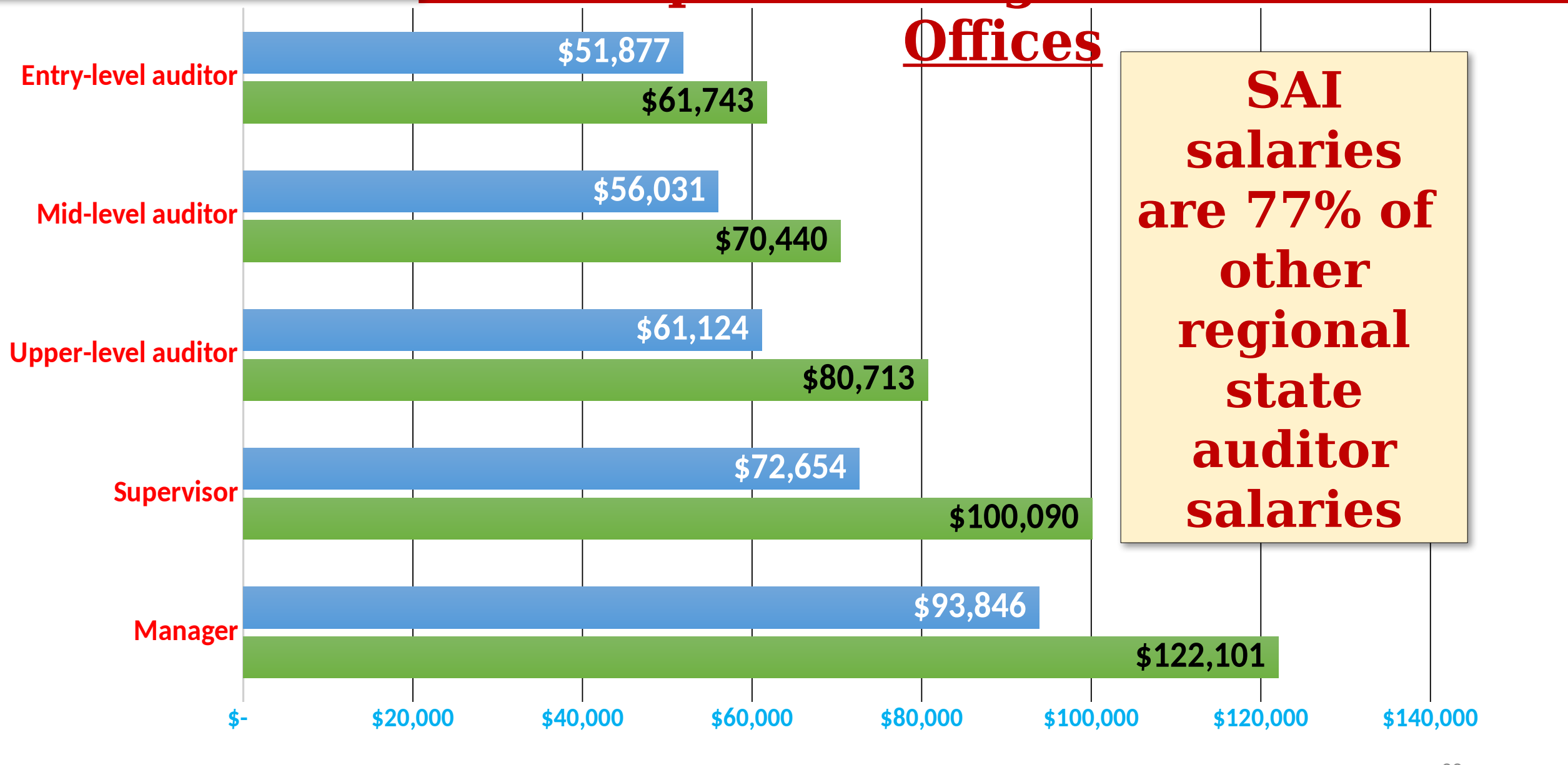
COUNTY (77) DIVISION 50

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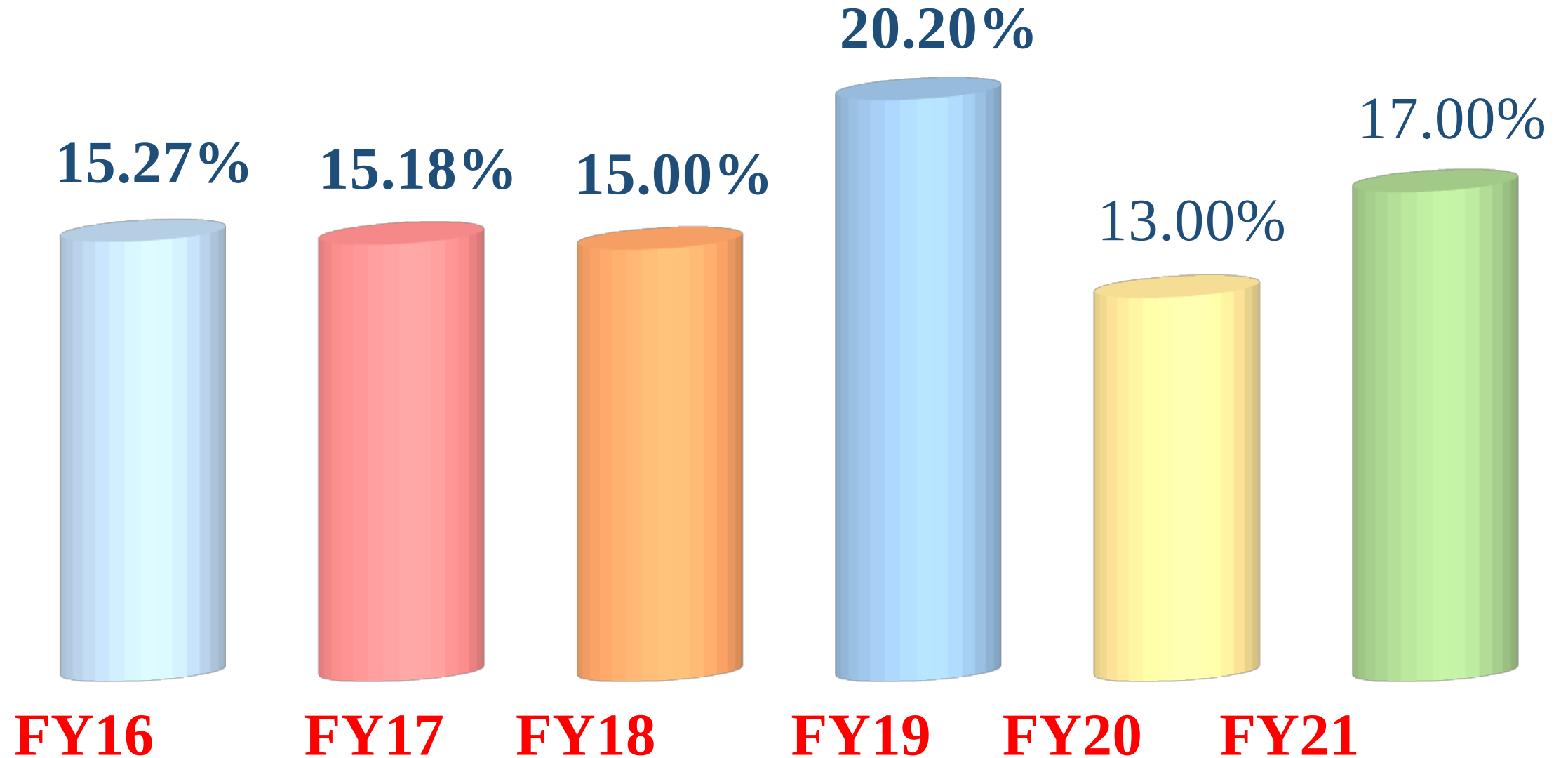
2020 SALARIES SAI Compared to Regional State Auditor Offices



SAI salaries are 77% of other regional state auditor salaries

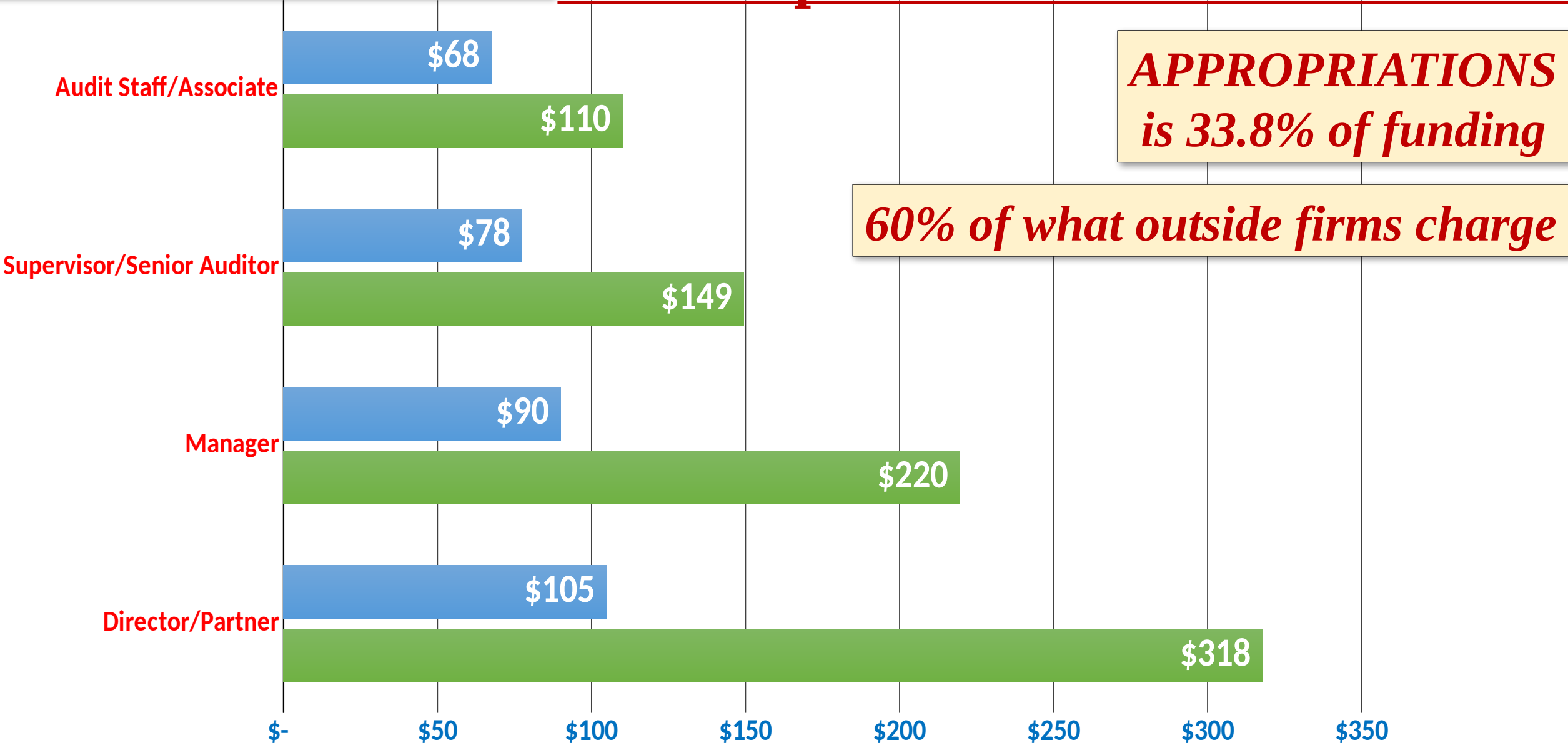
TURNOVER RATE

SAI Professional Staff by Fiscal Year:



2021 Hourly Billing Rates

SAI Compared to External CPA Firms



APPROPRIATIONS is 33.8% of funding

60% of what outside firms charge

■ SAI ■ External Firms

NON-BILLABLE POSITIONS

- State Auditor
- Deputy State Auditor
- Director of Human Resources/CPE
- Quality Assurance Director
- Executive Assistant to the State Auditor
- Front Desk Reception
- IT Support Staff (3)
- Accounting/Purchasing/HR Staff (2)
- County Billing (2)

NON-BILLABLE REQUIRED BY STATUTE:

- County Management Services
- Board of Equalization – Executive Assistant
- Pension Commission – Executive Assistant



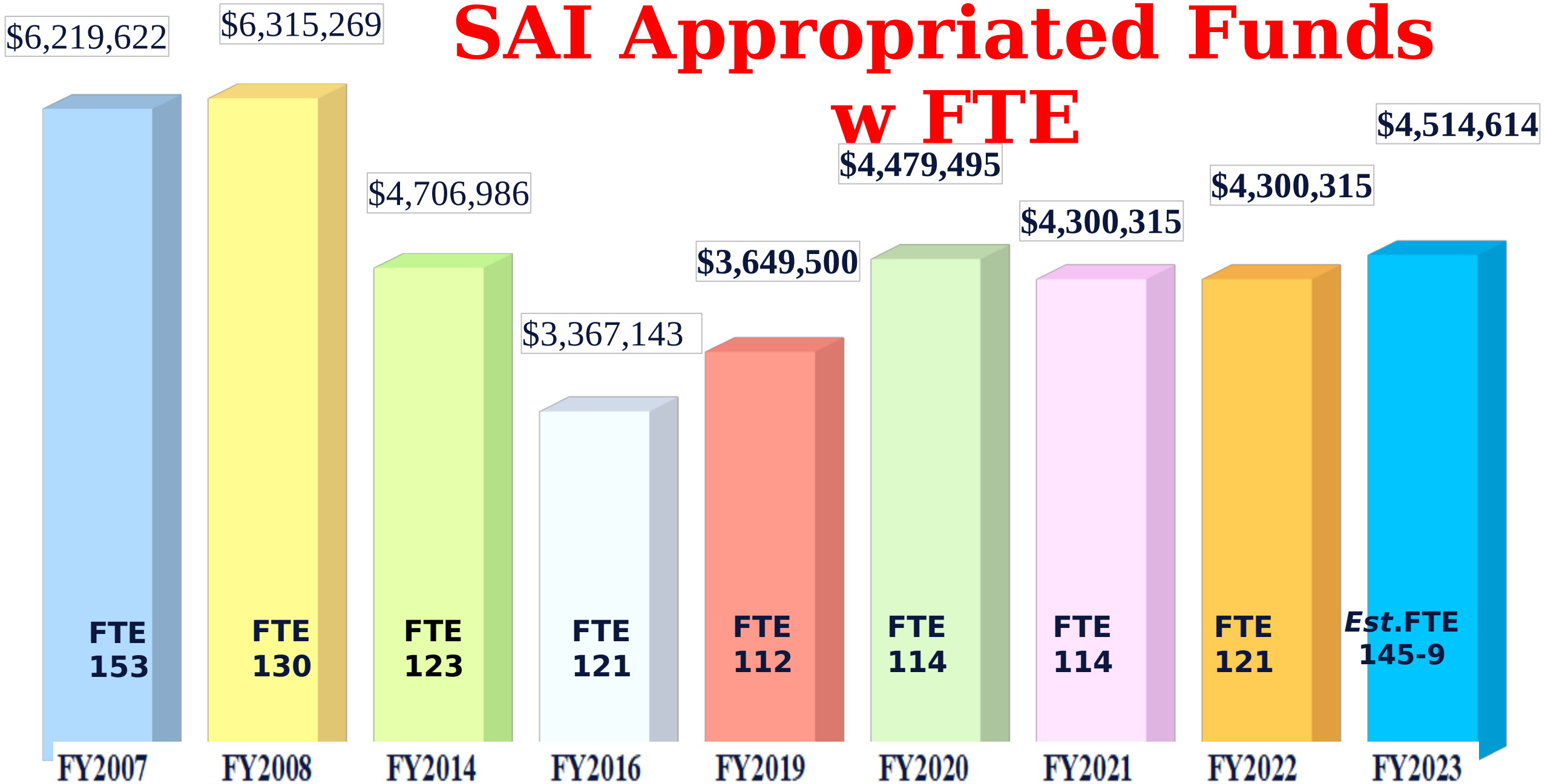


FY2022 Appropriations: \$4,300,315

FY2021 Expenditures		
Payroll	\$10,689,816	88.9%
Travel	\$82,339	.68%
Fleet/Rent	\$337,289	2.8%
Equipment	\$145,832	1.21%
Other	\$766,650	6.37%
TOTAL:	\$12,021,924	100%



SAI Appropriated Funds w FTE



OSU PASS THROUGH FUNDS



COUNTY TRAINING PROGRAM

OSU Extension

\$214,299.00

\$214,299.00

***LEGISLATIVE REQUEST TO KEEP**

*** USE FOR NEW AUDITOR HIRES**

REVOLVING FUNDS

Oklahoma Statutes

Title 74. State Government;

Section 227.9 - **State Auditor and Inspector Revolving Fund**

“...the State Auditor and Inspector shall at the close of each fiscal year pay into the General Revenue Fund of the state any unencumbered balance remaining in said revolving fund in excess of Eight Hundred Fifty Thousand Dollars **(\$850,000.00).**”

LEGISLATIVE REQUEST: REMOVE CAP OR RAISE TO 2M



- **1M in expenditures per month**
- **\$900,000 for payroll**
- **Uncertainty on collections**



NIST AUDIT



Oklahoma State Auditor & Inspector

2021 IT Security Audit Executive Summary Report

CONFIDENTIAL

Date Submitted: November 4, 2021

Submitted to: Oklahoma State Auditor & Inspector
3020 N. Stiles Ave
Oklahoma City, OK 73105



True Digital Security, Inc.

Corporate Address

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Tulsa, OK 74153

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Suite 100
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PEER REVIEW

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PEER REVIEW REPORT

July 16, 2020

The Honorable Cindy Byrd, CPA
Oklahoma State Auditor and Inspector
State Capitol
2300 North Lincoln Boulevard, Room 123
Oklahoma City, Oklahoma 73105

We have reviewed the system of quality control of the Oklahoma State Auditor and Inspector (the office) in effect for the period July 1, 2019, through June 30, 2020. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with professional standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with professional standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all design matters in the system of quality control or all compliance matters with the system. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the Oklahoma State Auditor and Inspector in effect for the period July 1, 2019, through June 30, 2020, has been suitably designed and was complied with during the period to provide the audit organization with reasonable assurance of performing and reporting in conformity with *Government Auditing Standards* in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. **The Oklahoma State Auditor and Inspector has received a peer review rating of pass.**

Linus Li, CPA, CIA, CMA, CFM
Concurring Reviewer

Marisa Edwards, CPA
Team Leader



SAI WEBSITE



OKLAHOMA
Office of the State Auditor & Inspector

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Oklahoma State Auditor & Inspector
Cindy Byrd, CPA

Meet Cindy Byrd

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File an Audit Online

O.K.L.A.H.O.M.A.
SAI
STATE AUDITOR & INSPECTOR

Oklahoma State Auditor & Inspector Cindy Byrd
Government Official

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Hi! Please let us know how we can help.

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Newsletter/Byrd's Eye View

November/December 2020

October 2020

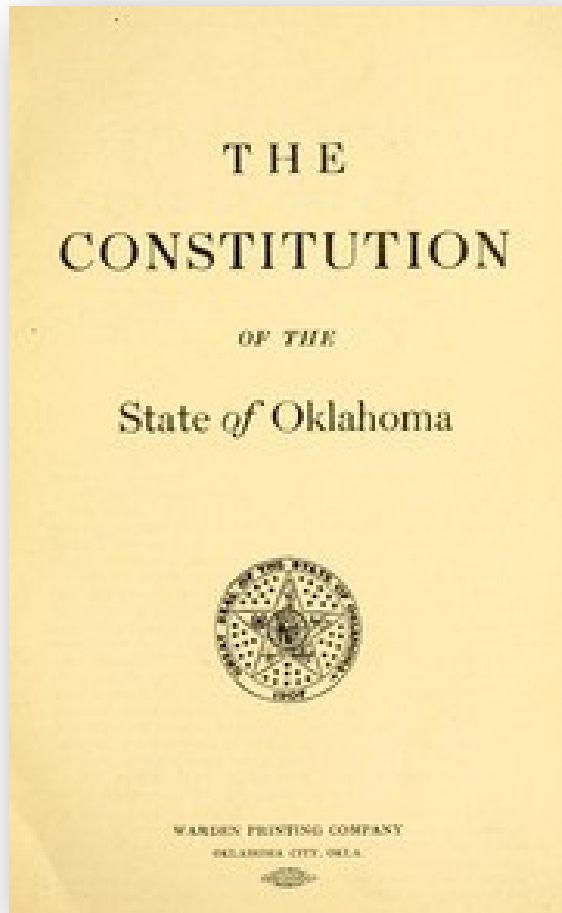
Other Links

01-3495
01-3426

Employment Opportunities
Estimate of Fees
Recent to Speak to Cindy
Continuing Professional Education

STATE AUDITOR'S OFFICE

State Auditor's Office was established at statehood as a Constitutionally mandated service to the taxpayers of Oklahoma



1907

- SAI provides uniformity of approach from year to year in order to oversee the entire financial picture of the state
- SAI is independent to protect the objective assessment of public funds



SAI LEGISLATIVE NEEDS

KEEP OSU PASS THROUGH FUNDS

REVOLVING FUND CAP RAISED or REMOVED

ACCOUNTABILITY AUDIT FOR AGENCIES UNDER 3M

OTC AUDIT COST REMOVED FROM STATUTE or ADJUSTED

MUNICIPALITY AUDIT REFORM



Cindy Byrd, CPA | State Auditor & Inspector
Independently serving the citizens of Oklahoma!

Thank You