

**CITY AUDITOR**  
**Jim Williamson, CPA, CIA**

**ANNUAL REPORT**  
**Fiscal Year 2020**  
**and**  
**INDEPENDENCE NOTIFICATION**  
**Fiscal Year 2021**

**MAYOR AND CITY COUNCIL**

<b>David Holt</b>	<b>Mayor</b>
<b>James Greiner</b>	<b>Audit Committee, Ward 1</b>
<b>James Cooper</b>	<b>Ward 2</b>
<b>Larry McAtee</b>	<b>Audit Committee, Ward 3</b>
<b>Todd Stone</b>	<b>Ward 4</b>
<b>David Greenwell</b>	<b>Audit Committee, Ward 5</b>
<b>JoBeth Hamon</b>	<b>Ward 6</b>
<b>Nikki Nice</b>	<b>Ward 7</b>
<b>Mark K. Stonecipher</b>	<b>Ward 8</b>



## Office of the City Auditor Annual Report

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September 30, 2020

The Mayor and City Council:

The attached Annual Report highlights Office of the City Auditor operating results and activities during fiscal year 2020.

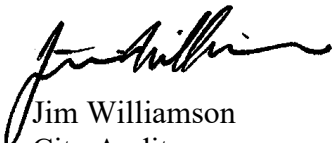
The extent to which significant goals were achieved for the Audit Services and Ethics Assurance Programs is discussed in the Key Performance Targets and Results section of this report.

A synopsis of fiscal year 2020 audit, investigation and advisory service projects is provided in the Audit Services Program section. These projects included:

- ◆ Police Weapons Inventory
- ◆ Radio Inventory
- ◆ Police Property Room Currency
- ◆ Code Enforcement Citation Cases
- ◆ Parks Payroll
- ◆ Boathouse Foundation Financial Results
- ◆ Golf Course Revenue
- ◆ Wiley Post Airport Contract
- ◆ Small Business Continuity Program
- ◆ Coronavirus Relief Funds

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.

  
Jim Williamson  
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 2020**

**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>FY18 Actual</i>	<i>FY19 Actual</i>	<i>FY20 Actual</i>	<i>FY21 Target</i>
1. % of City Council and other City decision makers rating audit services as “good” or “excellent”	100%	100%	100%	90%
2. % of audit recommendations accepted by management	99%	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 15 satisfaction surveys relating to services provided during FY20.

Acceptance of audit recommendations is another indicator of service quality. In FY20, management accepted and provided estimated implementation dates for all 93 recommendations included in three project reports issued during the year. This result exceeds the 92% industry benchmark published by the Association of Local Government Auditors.

**ETHICS ASSURANCE PROGRAM**

<i>Key Measures</i>	<i>FY18 Actual</i>	<i>FY19 Actual</i>	<i>FY20 Actual</i>	<i>FY21 Target</i>
1. % of actionable allegations assessed and assigned for investigation within seven days of reporting	92%	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 the 21 actionable allegations received during FY20, 20 were assigned for investigation within the targeted timeframe.



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

as of June 30, 2020

AUDITS	STATUS
<b>Police – Weapons Inventory</b> Firearm and ammunition inventories were accurate and complete; however, additional controls are needed to ensure inventory accountability and improve efficiency.	<b>Issued</b> <b>10/8/19</b>
<b>Public Safety Sales Tax Report – FY 2019</b> Expenditures complied with the Journal Entry of Judgment and the Report fairly presents revenues, expenditures, and fund balances.	<b>Issued</b> <b>12/17/19</b>
<b>Information Technology – Radio Inventory and Follow-up</b> Controls over radio and MDC inventories are not adequate and radio and MDC inventories were not accurate and complete. Recommendations included in our previous report relating to the City’s radio system upgrade have been substantially addressed, except for a complete assessment of non-public safety radio replacement needs.	<b>Issued</b> <b>2/18/20</b>
<b>Development Services – Code Enforcement – Citation Cases</b> Assessing the timeliness and efficiency of the Code Enforcement Program for property maintenance cases.	<b>Report</b> <b>Draft</b>
<b>Parks – Payroll</b> Evaluating the adequacy and effectiveness of controls over accurate, complete, and timely payroll processing.	<b>Report</b> <b>Draft</b>
<b>City Manager – Cultural Facilities Revenue</b> Evaluating the adequacy and effectiveness of revenue controls.	<b>Suspended</b>
<b>Public Safety Sales Tax Report – FY 2020</b> Assessing whether expenditures complied with the Journal Entry of Judgment and whether the Report fairly presents revenues, expenditures, and fund balances	<b>Planning</b>

INVESTIGATIONS AND ADVISORY SERVICES	STATUS
<p><b>Boathouse Foundation</b> Assisted management in assessing Boathouse Foundation financial operating results.</p>	<p><b>Complete</b> <b>9/24/19</b></p>
<p><b>Hefner Golf Course Revenue Collections</b> Investigated complaints relating to revenue collection procedures at Lake Hefner Golf Course. Recommended improvements to related control procedures.</p>	<p><b>Complete</b> <b>4/14/20</b></p>
<p><b>Wiley Post Airport</b> Investigated alleged noncompliance with contract provisions and FAA regulations.</p>	<p><b>Complete</b> <b>5/1/20</b></p>
<p><b>Police – Property Room</b> Cooperatively investigated allegations of unaccounted for currency. Recommended improvements to related control procedures.</p>	<p><b>Issued</b> <b>5/12/20</b></p>
<p><b>Parks – Recreation Donations</b> Investigated concerns regarding reporting and disposition of donations to Recreation Division facilities. Recommended improvements to related policy and control procedures.</p>	<p><b>Complete</b> <b>6/17/20</b></p>
<p><b>Earlywine Golf Course Revenue</b> Investigated missing revenue deposits at Earlywine Golf Course. Recommended improvements to related control procedures.</p>	<p><b>Complete</b> <b>8/17/20</b></p>
<p><b>Small Business Continuity Program</b> Consulted with management in developing and assisted in processing applications for the Small Business Continuity Program implemented in response to COVID-19.</p>	<p><b>Complete</b> <b>5/29/20</b></p>
<p><b>Payroll Fraud Monitoring</b> Monitoring bi-weekly payrolls for indications of fraud during the initial COVID-19 response period.</p>	<p><b>Discontinued</b> <b>6/25/20</b></p>
<p><b>Coronavirus Relief Funds</b> Advising management and the Municipal Counselor’s Office regarding a framework for expending Coronavirus Relief Funds received through the U.S. Department of the Treasury.</p>	<p><b>Ongoing</b></p>



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



**Fiscal Year 2020**

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 by source 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 2020.

***Allegation Type and Origin***

There were 38 allegations reported during fiscal year 2020, of which 61% were reported through the Hotline. Table 1 summarizes the various types of allegations received during the fiscal year.

<b>TABLE 1</b>	<b>61%</b>	<b>39%</b>	<b>100%</b>
<b>ALLEGATION TYPE</b>	<b>HOTLINE</b>	<b>NON-HOTLINE</b>	<b>TOTAL</b>
Policy/Code Violations	5	7	12
Fraud & Illegal Acts	0	6	6
Abuse/Misuse/Waste of Resources	3	1	4
Health & Safety Issue	2	1	3
Allegation Not Related to City Ethics	8	0	8
Inquiries	5	0	5
<b>TOTAL</b>	<b>23</b>	<b>15</b>	<b>38</b>

Allegations generally relate to operations within a City department. Table 2 lists allegations received during fiscal year 2020 by related department.

***Allegation Assignment and Disposition***

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.

<b>TABLE 2</b>	<b>DEPARTMENT</b>	<b>ALLEGATIONS</b>
	Public Works	6
	Utilities	5
	Development Services	4
	Airports	3
	Transit	3
	Utilities	3
	Other	9
	Not Provided/Unknown	5
	<b>TOTAL</b>	<b>38</b>

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 2020.

TABLE 3	ASSIGNMENT		
	DISPOSITION	REFER	INVESTIGATE
Non-Actionable	N/A	N/A	17
Department Resolution	9	0	9
Unsubstantiated	1	7	8
Inconclusive	0	2	2
Substantiated – No Violation	0	2	2
Open/Ongoing Allegations	0	1	1
<b>TOTAL</b>	<b>10</b>	<b>12</b>	<b>39</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 2020, resulted in the following:

- ◆ Enhanced awareness of and/or compliance with existing regulations and/or policies governing:
  - sales and cash receipts
  - acceptance of gifts
- ◆ Situation appropriate personnel-related actions, including educating employees regarding applicable policies.





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

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**Fiscal Year 2021**

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***

The City Auditor serves as a Trustee of the Oklahoma City Employee Retirement System (OKC Municipal Code, Sec. 40-92). The Board of Trustees perform the following:

- ◆ Approve disbursement of funds
- ◆ Formulate rules and regulations
- ◆ Invest system funds
- ◆ Obtain an annual actuarial evaluation of system liabilities
- ◆ Recommend changes in governing Ordinances to City Council

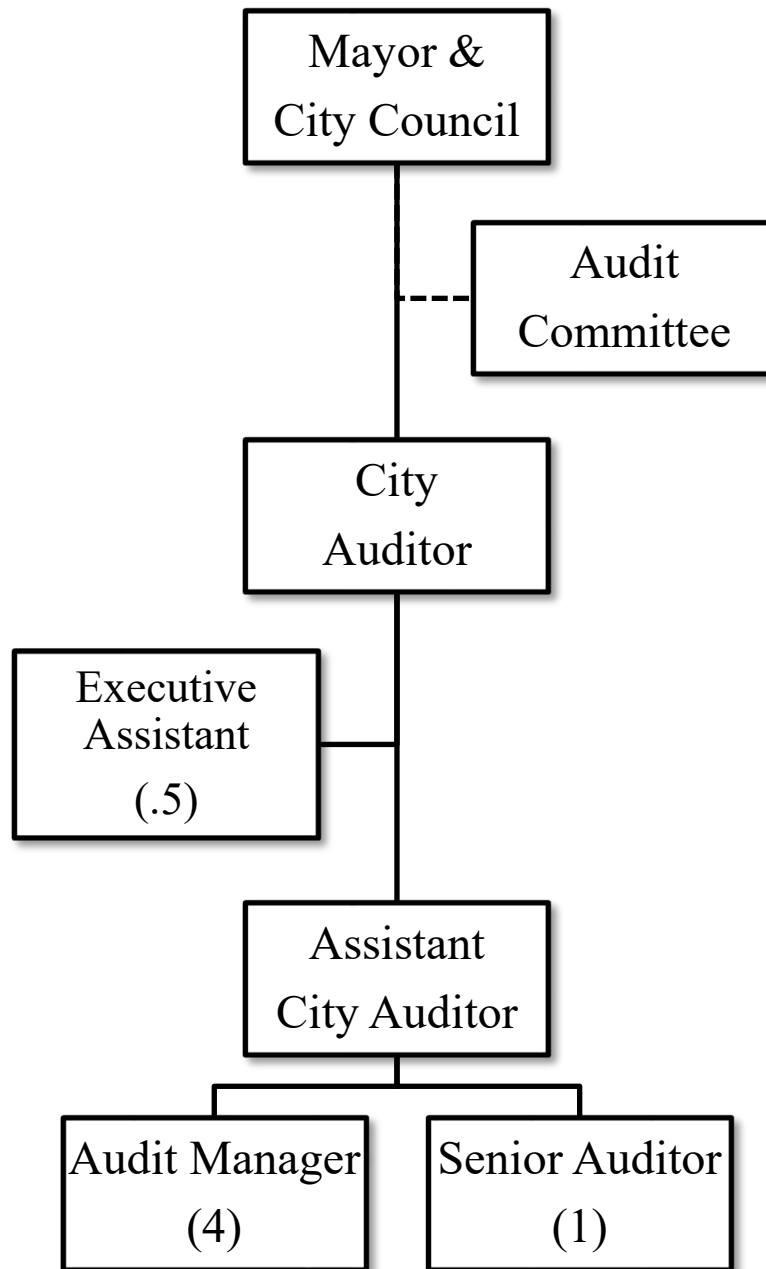
### ***Bid Committee***

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.



# Office of the City Auditor Organization Chart

As of July 1, 2020



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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***Jim Williamson***  
***CPA, CIA,***  
***CGAP, CGFM***  
***City Auditor***

Jim joined the Office of the City Auditor in 1988, was appointed City Auditor in 2008, and has over 35 years of auditing experience. Jim has held several positions with ALGA including President and currently serves on the ALGA Peer Review Committee. Jim has held several positions with the IIA's Oklahoma City Chapter including President. He serves as Past-Chair on the Peer Review Oversight Committee for the Oklahoma Accountancy Board. Jim is also an AICPA, OSCPA, ACFE, and AGA member.

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

Matt joined the Office of the City Auditor in 2000 and has over 25 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, Treasurer, and on the Board of Governors for the IIA's Oklahoma City Chapter. Matt is also a member of the AICPA and OSCPA.

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

Brett joined the Office of the City Auditor in 1995 and has over 23 years of auditing experience. He currently serves on the ALGA Publications Committee, having previously chaired the Communications Committee and served on the 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 11 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. Janet has held several positions for the Oklahoma Association of College and University Business Officers, including President. She is also an IIA and OSCPA member.

***Lori Rice***  
***MBA, CIA***  
***Audit Manager***

Lori joined the Office of the City Auditor in 2009. She has 11 years of auditing experience and over 15 years of experience in accounting and financial operations management. She is certified in the Six Sigma business improvement strategy. Lori currently serves on the Board of Governors of the IIA's Oklahoma City Chapter, and has formerly served as President, Secretary, and Treasurer. She is also a member of ALGA.

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

Tim joined the Office of the City Auditor in 1989. He has over 33 years of auditing experience and two years of corporate accounting experience. Tim currently serves as the Associate Trustee of the IIA's Oklahoma City Chapter and previously served on the Board of Governors. He is also a member of the IIC and ALGA.

### **Certifications and Degrees**

***CGAP*** = Certified Government Audit Professional  
***CGFM*** = Certified Government Financial Manager  
***CIA*** = Certified Internal Auditor  
***CICA*** = Certified Internal Controls Auditor  
***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  
***AGA*** = Association of Government Accountants  
***AICPA*** = American Institute of Certified 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.
- ◆ 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.