

***CITY AUDITOR
Matt Weller, CPA***

***ANNUAL REPORT
Fiscal Year 2025
and
INDEPENDENCE NOTIFICATION
Fiscal Year 2026***

MAYOR AND CITY COUNCIL

<i>David Holt</i>	<i>Mayor</i>
<i>Bradley Carter</i>	<i>Ward 1</i>
<i>James Cooper</i>	<i>Ward 2</i>
<i>Katrina Avers</i>	<i>Audit Committee, Ward 3</i>
<i>Todd Stone</i>	<i>Audit Committee, Ward 4</i>
<i>Matt Hinkle</i>	<i>Ward 5</i>
<i>JoBeth Hamon</i>	<i>Ward 6</i>
<i>Camal Pennington</i>	<i>Audit Committee, Ward 7</i>
<i>Mark K. Stonecipher</i>	<i>Ward 8</i>



Office of the City Auditor Annual Report

September 9, 2025

The Mayor and City Council:

The attached Annual Report highlights Office of the City Auditor operating results and activities during fiscal year 2025.

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 2025 audit, investigation and advisory service projects is provided in the Audit Services Program section. These projects included:

- ♦ Purchasing Card Program
- ♦ Audit of Certain Public Event Facility-Related Agreements
- ♦ River Dam Control System Cybersecurity
- ♦ Police Property Room Currency Controls
- ♦ Non-Major Federal Grant Compliance
- ♦ Home Share Licenses
- ♦ Public Safety Sales Tax
- ♦ Administrative & Injury Leave Usage
- ♦ Public Transportation Farebox & Ticket Sale Revenues
- ♦ Fire Department Information Technology Management
- ♦ Unemployment Tax Reporting
- ♦ Key to Home Encampment Rehousing Initiative Risk Assessment
- ♦ On-Line Payment Application Penetration Testing

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.

A handwritten signature in black ink that reads "Matt Weller".

Matt Weller
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 2025

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>FY23 Actual</i>	<i>FY24 Actual</i>	<i>FY25 Actual</i>	<i>FY26 Target</i>
1. % of City Council and other City decision makers rating the quality of audit services as “good” or “excellent”	100%	100%	100%	90%
2. % of audit recommendations accepted by management	100%	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 12 satisfaction surveys relating to services provided during FY25.

Acceptance of audit recommendations is another indicator of service quality. In FY25, management accepted and provided estimated implementation dates for all 35 recommendations included in four reports issued during the year and agreed with the reported implementation status for 26 recommendations included in a follow-up audit report issued during the year. This result exceeds the 95% industry benchmark published by the Association of Local Government Auditors.

ETHICS ASSURANCE PROGRAM

<i>Key Measures</i>	<i>FY23 Actual</i>	<i>FY24 Actual</i>	<i>FY25 Actual</i>	<i>FY26 Target</i>
1. % of actionable allegations assessed and assigned for investigation within five days of reporting	100%	95%	97%	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 32 actionable allegations received during FY25, 31 were assigned for investigation within the targeted timeframe.



Office of the City Auditor
Audit Services Program: Summary Report

as of June 30, 2025

AUDITS	STATUS
Citywide – Purchasing Card Program Established controls over purchasing card purchases by selected cardholders during the six months ending May 25, 2023, were adequate and operating effectively. Recommendations included in our previous purchasing card audit report and related Lake Hefner Golf Course Restaurant investigation report had been partially addressed.	Issued 9/24/24
City Manager – Certain Public Event Facility-Related Agreements Controls ensuring compliance with public event facility management and related agreement financial requirements were adequate and effective, except for those ensuring accurate, complete and operationally aligned ASM Global operating budgets. Controls ensuring accurate and complete facility-related revenues and valid facility-related expenses were not adequate.	Issued 10/22/24
Police – Property Management Unit Investigation Follow-Up Report Property Management Unit staff duties are better separated, oversight procedures are improved, and excessive currency balances are no longer held on-site. However, the Police Records Management System does not include records for all currency held or facilitate timely investigator disposition reviews, resulting in significantly increased bank-held currency balances.	Issued 12/31/24
Citywide – Non-Major Federal Grants Controls over compliance with requirements of selected grants were adequate and effective, except for controls ensuring salaries paid for administration are based on actual staff time worked and Home Investment Partnership grant down payment assistance is only awarded to low-income households.	Issued 2/11/25
Citywide – Home Share License Audit Controls ensuring license issuances comply with City ordinances and the accuracy and completeness of related fee collections were adequate and effective; however, acceptance and processing of license applications, license renewal follow-up, proactive licensing enforcement, and controls ensuring accurate and complete related hotel tax collections need improvement.	Issued 6/17/24
Public Safety Sales Tax Report – FY 2024 Assessing whether expenditures complied with the Journal Entry of Judgment and whether the Report fairly presents revenues, expenditures, and fund balances.	Fieldwork

AUDITS, continued	STATUS
Citywide – Administrative & Injury Leave Usage Verifying compliance with City administrative and injury leave time policies for the period of January 1, 2023, through December 31, 2024.	Fieldwork
Public Transportation – Farebox & Ticket Sale Revenues Evaluating the adequacy and effectiveness of controls ensuring farebox and ticket sale revenue collection and deposit accuracy and completeness for the six months ending December 31, 2024.	Fieldwork
Fire – Information Technology Project Management Evaluating the adequacy and effectiveness of procedures established for managing Fire Department Information Technology projects.	Planning
INVESTIGATIONS AND ADVISORY SERVICES	STATUS
Economic Development Contracts Advised management on development of contractual oversight safeguards to ensure the reasonableness of administrative expenses paid by the OKC Alliance for Economic Development in carrying out contract activities.	Complete 9/24/24
River Dam Control System Cybersecurity Assessment Administered a cybersecurity risk assessment vendor contract for review of Public Works' networked systems controlling the river dams and Public Works' implementation of the vendor's recommendations.	Complete 11/25/24
Unemployment Tax Reporting Investigation Confirmed allegations of wages misreported to the Oklahoma Employment Security Commission and recommended measures for correcting prior misreporting and preventing future misreporting to management.	Complete 11/26/24
Storm Siren Maintenance Billing Investigation Investigated allegations of fraudulent storm siren maintenance vendor billings and found those allegations to be without merit.	Complete 12/11/24
Judiciary Investigation Assisted with investigation of judicial misconduct allegations at the request of the City Council Judiciary Committee.	Complete 2/19/25
Key to Home Encampment Rehousing Initiative Risk Assessment Evaluating risks associated with City oversight of initiative activities carried out by partner agencies using City funding, including Federal grant funds.	Ongoing

INVESTIGATIONS AND ADVISORY SERVICES, continued	STATUS
<p>City Ethics Policy Advising the Ethics Committee on updates to the City’s Comprehensive Code of Conduct, Ethics and Fraud Intolerance Policy for updates to the Code of Conduct included in City Employment Policies.</p>	Ongoing
<p>On-line Payment Application Penetration Testing Developing a scope of work, selecting a vendor, and contracting for a comprehensive review of security vulnerabilities relating to internally-built, external-facing eCommerce web applications used to accept City payments.</p>	Ongoing
<p>Contractor Employee Background Check Investigation Investigating weaknesses in background checks conducted for employees of City contractors requiring unescorted access to City facilities.</p>	Ongoing
<p>Private Development Maintenance Bond Investigation Investigating allegations that maintenance bonds on private development projects are not being administered in accordance with internal policies, are not timely, and may not be complete.</p>	Ongoing



Office of the City Auditor
Ethics Assurance Program: Summary Report



Fiscal Year 2025

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 from sources 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 2025.

Allegation Type and Origin

There were 43 allegations reported during fiscal year 2025, of which 65% were reported through the Hotline. Table 1 summarizes the various types of allegations received during the fiscal year.

TABLE 1	65%	35%	100%
ALLEGATION TYPE	HOTLINE	NON-HOTLINE	TOTAL
Policy/Code Violations	17	6	23
Fraud & Illegal Acts	1	7	8
Abuse/Misuse/Waste of Resources	5	2	7
Allegation Not Related to City Ethics	5	0	5
TOTAL	29	15	43

Allegations generally relate to operations within a City department. Table 2 lists allegations received during fiscal year 2025 by related department.

TABLE 2	
DEPARTMENT	ALLEGATIONS
Public Works	11
Development Services	7
Public Transportation & Parking	5
Utilities	5
Airports	4
Not Provided/Unknown	3
Other	8
TOTAL	43

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.

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 2025.

TABLE 3 DISPOSITION	ASSIGNMENT		
	REFER	INVESTIGATE	TOTAL
Department Resolution	9	0	9
Substantiated	4	5	9
Non-Actionable	N/A	N/A	11
Substantiated – No Violation	0	4	4
Unsubstantiated	7	7	15
Inconclusive	1	1	2
Open/Ongoing Allegations	3	2	5
TOTAL	23	19	54

Results

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 2025, resulted in the following:

- ◆ Improved procedures and/or management controls over unemployment tax reporting and safeguarding City assets.
- ◆ Enhanced awareness of and/or compliance with existing regulations and/or policies governing:
 - conflict of interest
 - purchasing
 - time and attendance
- ◆ Situation appropriate personnel-related actions, including employee counseling and termination.



Office of the City Auditor Independence Notification

Fiscal Year 2026

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/Oklahoma City Deferred Compensation Board

The City Auditor serves as a Trustee of the Oklahoma City Employee Retirement System (OKC Municipal Code, Sec. 40-92) and of the Oklahoma City Deferred Compensation Board (OKC Municipal Code, Sec. 40-133).

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.

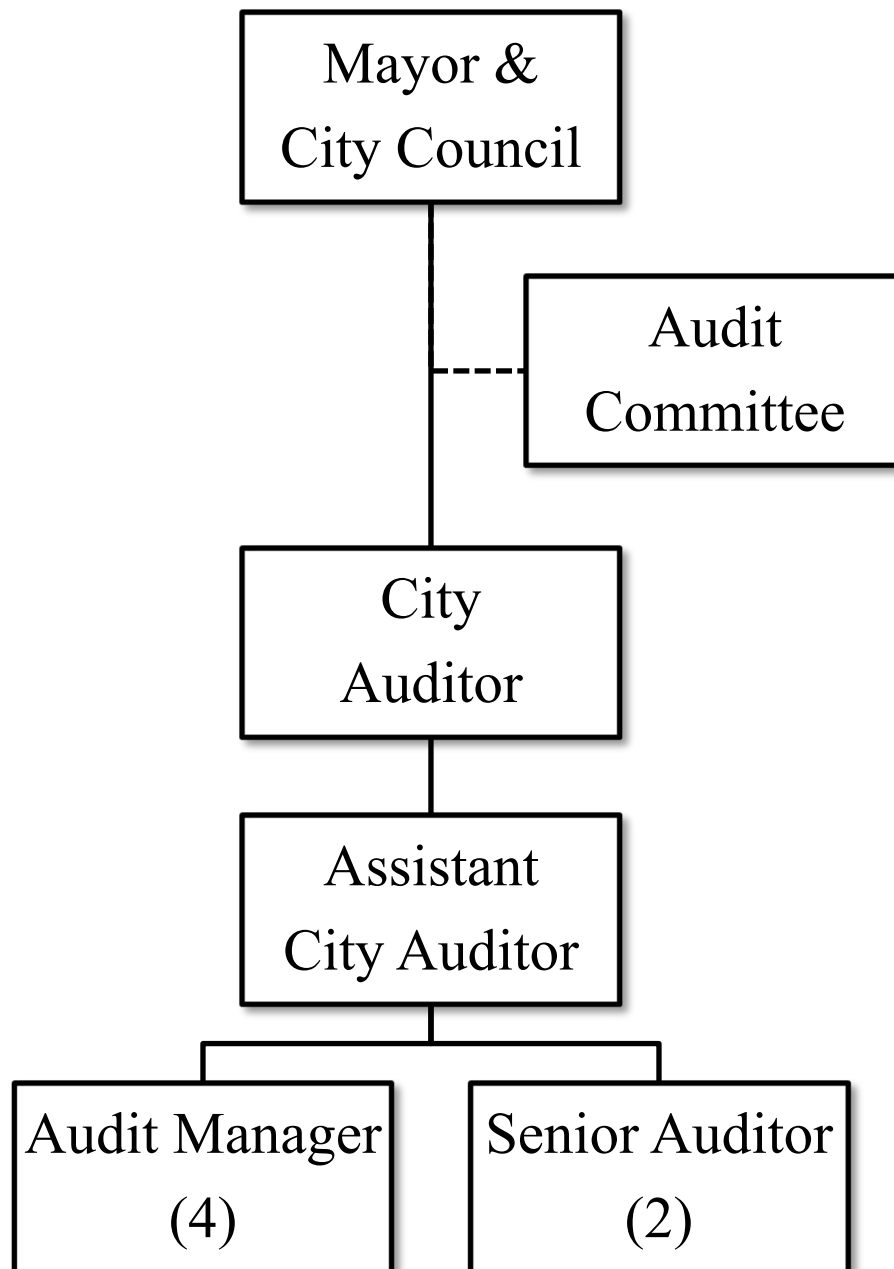
Facility Access Policy

The City Auditor approved the Public Facility Access Policy. The Policy is applied in administering access for the Mayor, Council and City Officials, as representatives of the people of Oklahoma City, to publically owned facilities during ticketed events.



Office of the City Auditor Organization Chart

As of July 1, 2025



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

Matt Weller
CPA
City Auditor

Matt joined the Office of the City Auditor in 2000, was appointed City Auditor in 2022, and has over 31 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 and Treasurer of the IIA's Oklahoma City Chapter, and on the Chapter Board of Governors. Matt is also a member of the AICPA and OSCP.

Lori Rice
MBA, CIA
Assistant
City Auditor

Lori joined the Office of the City Auditor in 2009. She has 16 years of auditing experience and over 15 years of experience in accounting and financial operations management. She is certified in the Six Sigma business process improvement strategy. Lori currently serves on the ALGA Board of Directors as the Strategic Plan Officer and has held several positions with the IIA's Oklahoma City Chapter, including President.

Christy Barron
CPA
Audit Manager

Christy joined the Office of City Auditor in 2021. She has 13 years of auditing experience and five years of government financial management experience. Christy previously served on the Conference Committee for the Oklahoma Municipal Clerks, Treasurers and Finance Officials Association. She is also an ALGA and IIA member.

Randall Daniel
CIA, CFE, CPA
Audit Manager

Randall joined the Office of the City Auditor in 2022. He has 24 years of auditing experience in the private sector. He has served in numerous positions with the IIA's Oklahoma City Chapter including President. Randall is also a member of the AICPA, ACFE, and ALGA.

John Stringer
CIA, CPA
Audit Manager

John joined the Office of the City Auditor in 2023. He has over 14 years of auditing experience, including four years in government auditing. John has varied experience in assurance, risk consulting, IT auditing, data analysis, and financial modeling. He also has 12 years of experience in bank operations. John is currently pursuing the CISA certification. John is a member of the IIA and ALGA.

Jeremy Hicks
MBA, CIA, CISA
Audit Manager

Jeremy joined the Office of the City Auditor in 2025. He has over 15 years of auditing experience including three years in IT auditing. Jeremy has varied experience in audit assurance, risk consulting, IT auditing, and data analysis. He has previously served as the Certifications Chair for the IIA's Oklahoma City Chapter. Jeremy is a member of the IIA, ISACA, and ALGA.

Tim Alvarez
CICA
Senior Auditor

Tim joined the Office of the City Auditor in 1989. He has over 38 years of auditing experience and two years of corporate accounting experience. Tim is a member of the IIC and ALGA and previously served on the Board of Governors for the IIA's Oklahoma City Chapter.

Michelle Nance
MSM
Senior Auditor

Michelle joined the Office of the City Auditor in 2025. She has over 13 years of experience in state and local government finance. Michelle is a member of the IIA and ALGA.

Certifications and Degrees

CIA = Certified Internal Auditor
CISA = Certified Information Systems Auditor
CICA = Certified Internal Controls Auditor
CFE = Certified Fraud Examiner
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
AICPA = Association of International 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

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 and the Oklahoma City Deferred Compensation Board.
- ◆ 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.