



Sensitive Payments Audit Summary

Why OCA did this project

Sensitive Payments are transactions that carry the possibility for city officials, executive management, and certain employees to receive inappropriate benefit due to their position of influence.

Project Scope

Examine internal controls and test transactions for activities pertaining to travel, official entertainment, unvouchered expenditures, contracting and consulting, speaking honoraria, ethics and conflicts of interest rules, and executive perquisites for the fiscal year ended June 30, 2024

How OCA did this project

Following the U.S. Government Accountability Office (GAO) “Guide for Evaluating and Testing Controls Over Sensitive Payments,” we conducted the following procedures:

- Determined the adequacy of internal controls over sensitive payments.
- Assessed compliance with applicable laws, ordinances and policies and procedures regarding sensitive payments.
- Evaluated corrective action taken on prior year sensitive payments findings.

Significant Results

Overall, internal controls for Sensitive Payments are effective.

Key observations

- One of the seven prior year audit findings has been fully addressed and six are in process.

Sensitive Payments Review

Fiscal Year Ended June 30, 2024

Audit Objective

Review transactions that could create the possibility for city officials, upper-level management, and certain employees to receive inappropriate benefit due to their position of influence. Throughout this document the term “executive” refers to city officials, upper-level management or certain employees within a position of influence.

Methodology and Results

Executive Compensation

All executive staff members’ actual pay was compared to their authorized pay amount. All differences were investigated and were found to be based on valid reasons, including promotions, equity adjustments and out-of-class pay.

Travel

We selected October 1, 2023 – November 30, 2023 as our review period because the number of flag counts, from our data analytic dashboards, during these months indicated the greatest risk. We reviewed MUNIS Employee Self Service (ESS) activity for compliance issues, errors, and other risk-related indicators of eleven expense reports involving 5 executive employees. All but one expense report had one or more issues with proper documentation and/or timeliness of submission. None of the errors were materially significant. Human Resources and Finance are in the process of updating and centralizing travel related policies and guidance to help reduce errors in travel submissions. (See Status of Prior Year Audit Findings)

Overall, internal controls provide reasonable assurance travel policies and procedures are adequate to reduce the risk of employees receiving inappropriate benefits.

Official Entertainment Funds

Through inquiry and observation, we confirmed the City of Tulsa does not have official entertainment funds.

Unvouchered Expenditures

Through inquiry and observation, we confirmed the City of Tulsa does not support unvouchered expenditures.

Contracting and Consulting

A search was done to identify executive level employee/vendor name matches. There were zero matches identified. Therefore, there was no requirement for said employees to file conflict-of-interest disclosures.

Speaking Honoraria, Gifts and Donations

A sample of gifts and donations was selected to evaluate compliance with ordinances, policies and procedures. Within the sample population, there were no violations of City policies, procedures, executive orders, or ordinances and they were all properly approved. Based on our review, gifts and donations are processed in compliance with City requirements.

Ethics and Conflicts of Interest Rules

Regarding ethics and conflicts of interest we researched and reviewed the following:

- Employees are informed as to what constitutes an ethics violation or a conflict of interest.
- Written financial disclosures are obtained from all employees who are required to file.
- All forms are reviewed for potential conflicts of interest.
- Any potential conflicts of interest are identified and resolved.

Although there is no formal process established for reviewing filed conflict of interest forms, based on our research and review employees appear to be informed concerning what constitutes an ethics violation or conflict of interest and the proper way to report both. We determined reasonable assurance exists that ethical issues and conflicts of interest will be identified and resolved.

Executive Perquisites

Executive perquisites are benefits provided to executives above and beyond benefits provided to all other employees. Through inquiry and observation, we confirmed the City of Tulsa does not provide executive perquisites.

Follow-up on Prior Observations

The status of prior audit findings was determined and any corrective action taken was evaluated. We reviewed seven outstanding findings from prior audits. See Appendix for details and status.

Appendix

STATUS OF PRIOR YEAR AUDIT FINDINGS

	Summary	Status
1	Donations by government agencies to Tulsa Fire Department are not consistently processed and presented for mayor approval.	Complete. Recommendations have been implemented as part of policy. Donations and travel are submitted for Mayoral approval.
2	Update and centralize travel related policies and guidance.	In process. Human Resources and Finance staff will work together to update and centralize policies and guidance.
3	Provide additional procedural guidance for executive travel and reimbursements, emphasizing the importance of review and approval.	In process. Human Resources and Finance staff will work together to update and centralize policies and guidance.
4	Policies do not fully reflect ordinance requirements.	In process. Human Resources and Finance staff will work together to update and centralize policies and guidance.
5	Travel claims with incorrect dates were submitted and approved without proper review.	In process. The Enterprise Systems Manager will make suggested system changes, as feasible based on current functionality, and provide training for end users.
6	Provide training on how to input travel claims, train travel coordinators on travel policies. Place specific instructions and definitions in a drop-down menu.	In process. The Enterprise Systems Manager will make suggested system changes, as feasible based on current functionality, and provide training for end users.
7	Update ethics guidance and respective onboarding attestations.	In process. Human Resources is implementing the recommendation.