



MARESSA TREAT
OKLAHOMA COUNTY CLERK

July 1, 2024

Cindy Byrd
State Auditor and Inspector
State of Oklahoma
2300 N Lincoln Blvd
Oklahoma City, OK 73105

Dear Auditor Byrd:

Thank you for taking the time last week to discuss your June 5th public letter to Commissioner Maughan regarding the status of Oklahoma County's FY23 ACFR with me. I found the conversation meaningful and productive. Clearly, we share the same goal—to be faithful stewards of tax dollars and to achieve and maintain compliance with all reporting requirements. For this reason, I'm committed to doing all in my power to build and maintain an even stronger working relationship with your office. There is no higher priority in my office than the County's finances, and we take very seriously the urgency of completing the FY23 ACFR.

I am writing to reiterate much of our conversation regarding the circumstances that led to the delay of the FY23 ACFR and outline steps my office has taken since I assumed the role of County Clerk in April 2023 to ensure that all future finance reporting by Oklahoma County is accurate and timely. A letter allows me to share more detail regarding the challenges I inherited for the record, so to speak. I believe a thorough, detailed account of our circumstances, past and present, will help my finance team and I avoid being judged for unfortunate and unacceptable delays inherent in the systems and circumstances we inherited. Rather, we should be judged by whether we succeed in establishing an efficient, reliable, and sustainable County finance operation capable of producing accurate and timely reports.

I've met with Marla Latham and Trevor Harms of your office numerous times during the past 14 months. At each of these meetings, I've asked for their feedback, and within 24 hours, I've worked to improve or fix problems brought to my attention. Considering my office's demonstrated open communication with your team and how closely we've worked together, your June 5th public letter to Commissioner Maughan was difficult to interpret. I appreciate you indicating to me that going forward your office will work to clearly communicate expectations to our team and to let us know right away if those expectations are not being met.

The finance team in my office has been working diligently for months, including many late nights and weekends, performing all the critical tasks necessary for the continuity of county financial



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operations. We expanded our contract with Crawford & Associates months ago to augment our staff, having Crawford prepare the FY23 ACFR as our staff identifies, collects, and provides the needed data. The only thing taking precedence over completing the FY23 ACFR is maintaining the County's daily financial operations. Our current finance team members are qualified and capable professionals who understand the urgent need to complete the FY23 ACFR. Well before your June 5th letter, we knew the FY23 ACFR was unacceptably late. If I had been in control of circumstances in the Clerk's office in the years preceding my tenure, County financial reporting, including the FY23 ACFR, would have been submitted in a timely manner.

In your letter, you wrote, "We understand the county has had hardships in the past, but none that have affected the county providing the final draft copy of the financial statements to our auditors in a timely manner." Concluding that conditions in the past are identical to the conditions of today ignores the list of crippling challenges that accumulated for many years and were left for a subsequent administration to clean up, putting us at a significant disadvantage. My new finance team is doing an admirable job learning, as-they-go' the peculiar nuances of county finance generally, and more so those of the two largest counties, given the many challenges they faced when accepting their positions. The finance management system we inherited is almost exclusively the reason for the delay in completing the FY23 ACFR. This is a critical point that should not be overlooked.

I entered an office in distress with a finance operation lacking in every essential facility. At the time, the finance division was operating with insufficient personnel who lacked the training, experience, and tools commensurate with their responsibility for managing the County's more than 125 million-dollar operations. The financial management system consisted of an extraordinarily difficult-to-decipher, interdependent web of many hundreds of Excel spreadsheet files. Until this year, virtually every financial report produced in the finance division was constructed by pulling data from the County's current enterprise system and moving it into spreadsheets to build the reports. The County's current enterprise system's finance report features were never implemented. Our enterprise system, for all intents and purposes, has been used like a pricey box in which data is stored. Mining and reporting on financial data has not been performed in the enterprise system.

For nearly a decade, scores of new, additional spreadsheets have been added every year to the ever-growing accumulation of linked spreadsheet files. Vital data links between spreadsheet files break if files are moved, file names are altered, or files become corrupted. This system further breaks down when data needed to prepare current reports originates in files saved in an earlier version of Excel. When historic file versions are identified and updated to restore data links, the update often corrupts formulas in the updated files. It's rarely apparent at first when this happens and it's tremendously difficult, tedious, and time consuming to track down the corrupted formula or



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formulas. Even when those challenges are overcome, it is difficult or impossible to do something as simple as share data in a spreadsheet because its data remains dependent on data in other spreadsheet files that are not being shared. The end result of this practice after many years is a confusing, labor intensive, and unreliable finance management system that consumes an unsustainable amount of staff time, even when performing simple tasks. On a project like the ACFR, the challenges are multiplied. These challenges alone make the compiling and reporting of data unsustainably tedious, labor-intensive, and prone to error.

Mere months before I took office, the three long-time finance staff members, including the division director, with a combined 90 years of county finance experience, all left within thirteen months of each other. When they retired, they took with them the critical knowledge of how to nurse along the cobbled-together finance management system. Their retirements in rapid succession left finance operations in the hands of three employees whose combined county finance experience totaled less than six years. The three new employees weren't on staff long enough and not enough attention had been paid to training them adequately for the responsibility they were about to assume. This along with the unreliable finance management system put the continuity of financial operations in jeopardy. Eight months before I took office, the long-serving finance director, while briefly serving as chief deputy and acting clerk while the elected position was vacant, promoted one of the new finance employees to be the next finance director.

A previous county clerk administration years ago began cobbling together the current system, apparently without thinking ahead and recognizing that managing the largest county's finances on hundreds of spreadsheets would eventually begin falling under its own weight. The first signs of that happening began before I arrived. This spreadsheet-based system became the default means of managing the County's finances after the failed and ultimately abandoned implementation of enterprise system finance modules—for which the County has continued to pay the annual fees since 2015—including, ironically, for an ACFR builder module. I understand that auditors from your office have noticed some of the same issues or limits inherent in how the County has been managing its finances in the past. Unfortunately, previous audits did not identify the waste of taxpayer funds for the better part of the last decade where previous administrations had been paying for finance modules that were never used.

The previous finance staff with more than 90 years of combined experience who presided over the creation of the current finance management system could still manage to make it work and provide reports in a timely manner. But they left little-to-no instruction for future administrations about how to efficiently or effectively work within the labyrinth of spreadsheets used to manage the County's books. It's not possible to create a set of usable instructions for something like this. This system is not something one operates but something one troubleshoots.



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When I arrived, policies and procedures for finance were poorly organized, incomplete, and often outdated. The policy and procedure documents left in binders in the office were over a decade old and written for the previous enterprise system the County abandoned in 2015. Some more current policy and procedure documents have been found saved as Word or Excel files scattered in various locations on our network drive—but not in any indexed or organized manner that would make them easily accessible to subsequent administrations and fiscal staff. Consequently, last year, I had each division in the office, including finance, update or create new policies and procedures. I did this, in part, because several audits performed by auditors in your office identified a lack of policies and procedures as a persistent problem. However, last year's updates to the finance policies and procedures were limited in their benefit because the real challenge is the finance management system. As mentioned, it would be impossible to write any useful instructions for such a system. This is likely why no one in the previous administration ever bothered to update the enterprise system processes and procedures when the County moved from the previous system in 2015.

The three relatively new finance employees who were here when I arrived, including the new director, have since moved on. Today, our entire finance team is new—our most senior finance employee started ten months ago. As difficult as our current circumstances are, we are finally able to begin implementing the enterprise system finance modules the County has been paying for since 2015 and get the County on a rational and sustainable system. The County's in-house enterprise system expert is excited we're finally implementing the finance modules and has been enthusiastically helping us do what should have been done long ago. I recently sent several key employees from my office, including a finance division staff member, to vendor training to prepare them to fully implement the system. With his help, the commitment of our finance team, and several others in our office including our IT team, we will make the transition from the current management system to the County's enterprise system. It will be a big lift in the short run, but will give the County a system that's efficient and reliable. My goal is to have the enterprise system finance modules operational by this fall, providing more accurate and timely reports, including future ACFRs.

There are two other specific points in your letter I'm afraid could be misinterpreted that I want to address briefly before closing. First, that my office has not been doing everything possible to complete the FY23 ACFR by not taking your auditors up on offers of assistance. Such an impression would be inaccurate, as we discussed. In your letter, you mentioned you were "formally" making your team available, that they "are here to assist Oklahoma County," and to "please contact our audit staff if we can be of assistance." My team and I are grateful for offers of assistance from you and your auditors but, as you can see from my description of our biggest challenge, I'm not sure how they can help overcome very serious management system limitations. I will happily take what help I can get to transition our finance division into a modern operation. Hopefully what I've shared in our phone



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call and in this correspondence gives you and your team a better idea of how you might be able to assist us within the constraints of your role as auditors. Certainly, I hope you will share any ideas of how we might complete the FY23 ACFR much more quickly. Your team must have seen other organizations in similar circumstances and have some helpful suggestions. I'm always open to suggestions from those with whom we work and serve. Hopefully, as we discussed, any time your auditors believe our office is not providing data and information consistent with your expectations, our office would like to be provided with documented suggestions or a checklist of your priorities and expectations so we can continue to work cooperatively toward our mutual goals and avoid any misunderstandings.

Second, your letter could be misinterpreted to mean that we've not provided any information to your office related to the FY23 ACFR and, therefore, don't understand the urgency and seriousness of the situation. We have been and continue to provide all related information to your office as it's completed through a shared file arrangement. In a meeting with one of your auditors earlier this month, she acknowledged that your office has received information related to the FY23 ACFR, just not the complete data she and her group need to begin their work.

This past year, I have enjoyed working with your team assigned to audit Oklahoma County. As we discussed over the phone, there seems to have been some misunderstanding or miscommunication related to the FY23 ACFR. I believe those issues have been resolved and my office will continue to work with your team to provide the necessary information as quickly as possible. Thank you for the opportunity to provide more insight into the situation we're facing and share our determination to become a first-rate finance operation. It's important to me to meet deadlines and to have a good working relationship with you and your office.

Very sincerely yours,

Maressa Treat
County Clerk, Oklahoma County

cc: Commissioner Brian Maughan, Chairman
Members of the Oklahoma County Budget Board