



OKLAHOMA
State Auditor & Inspector

FEDERAL AUDIT EXPOSES RECURRING PROBLEMS IN OKLAHOMA STATE AGENCIES

OKLAHOMA CITY, OK (August 24, 2026)

Oklahoma State Auditor & Inspector (SA&I) Cindy Byrd today released the Federal Single Audit for FY 2024. This annual audit is a federally-mandated examination of whether the State of Oklahoma spent federal grant money in compliance with federal regulations.

The audit report covers roughly \$14 Billion of expenditures which are audited based upon a formula provided by the federal government.

“This is the fourth Single Audit in a row in which we have warned lawmakers and agency directors about the consequences of mishandling federal money,” Auditor Byrd said. “While the amount in questioned costs has decreased from the previous year, Oklahoma still has improvements to make to ensure good financial management. The debt is piling up and Oklahoma taxpayers could be forced to refund millions of dollars to the federal government.”

This year’s audit found *questioned costs* totaling almost \$25 Million. Questioned costs are any expenditures that do not comply with the law, cannot be documented, and/or appear unreasonable or unethical. The combined questioned costs from the last five Federal Single Audits stands at more than \$200 Million.

“The federal government has the authority to demand all of that money back from the State of Oklahoma,” Byrd said.

The latest audit reveals particular problems at the Department of Human Services (DHS) the Office of Management and Enterprise Services (OMES),

and the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS).

- DHS failed to provide proper oversight of its Child Care Desert Grant Program (CCD), its Low-Income Heat and Energy Assistance Program (LIHEAP), the Low Income Household Water Assistance Program (LIHWAP), and the Supplemental Nutrition Assistance Program (SNAP).

- CCD:

DHS failed to monitor attendance records. As a result, 23% of the facilities tested by SA&I were claiming children attendance that significantly exceeded each facility's licensed capacity. Approximately 95% of all CCD dollars tested for this year's report, \$12.6 Million, are labeled as questioned costs. Total questioned costs for all DHS daycare programs is \$14.5 Million.

The risk of fraud remains extremely high as DHS does not have adequate controls to identify fraudulent activities at child care centers.

- LIHEAP & LIHWAP:

DHS failed to provide oversight which allowed a former employee to misappropriate almost \$2 Million from LIHEAP and LIHWAP. That employee was the primary administrator with final approval authority over LIHEAP applications. This employee appears to have accessed expired applications and approved payments under the names of former LIHEAP recipients. He also had the ability to modify banking information.

- SNAP:

Starting in October of 2027, the federal government will slash SNAP benefits for states with an error rate of 6% or higher. Oklahoma's error rate is currently 11%. If DHS fails to rectify this problem, Oklahoma taxpayers stand to lose more than \$236 Million in federal funding each year.

- OMES has \$3.8 Million in questioned costs for the Emergency Rental Assistance program (ERA). This is in addition to the \$15.8 Million in questioned costs identified previously in the ERA program.
- ODMHSAS spent \$6.2 Million on designs and planning for the proposed Donahue Behavioral Health Campus. ODMHSAS failed to evaluate the feasibility or long-term funding requirements for the facility. The project was later abandoned and taxpayers got nothing in return for their \$6.2 Million.

“Stopping fraud, waste, and abuse should be a non-partisan issue” Auditor Byrd said. “Taxpayers work too hard for their money -- money that the government takes from their paychecks -- to tolerate this level of irresponsible spending. A poorly-managed state government does incredible harm to its own citizens. Mismanagement scares away outside investment and capital. Mismanagement loses federal funding. Oklahoma must get its act together.”

The full FY 2024 Federal Single Audit is now posted on the Oklahoma State Auditor & Inspector’s official website.

To schedule an interview with Cindy Byrd, please contact Andrew Speno at 405-315-5924.