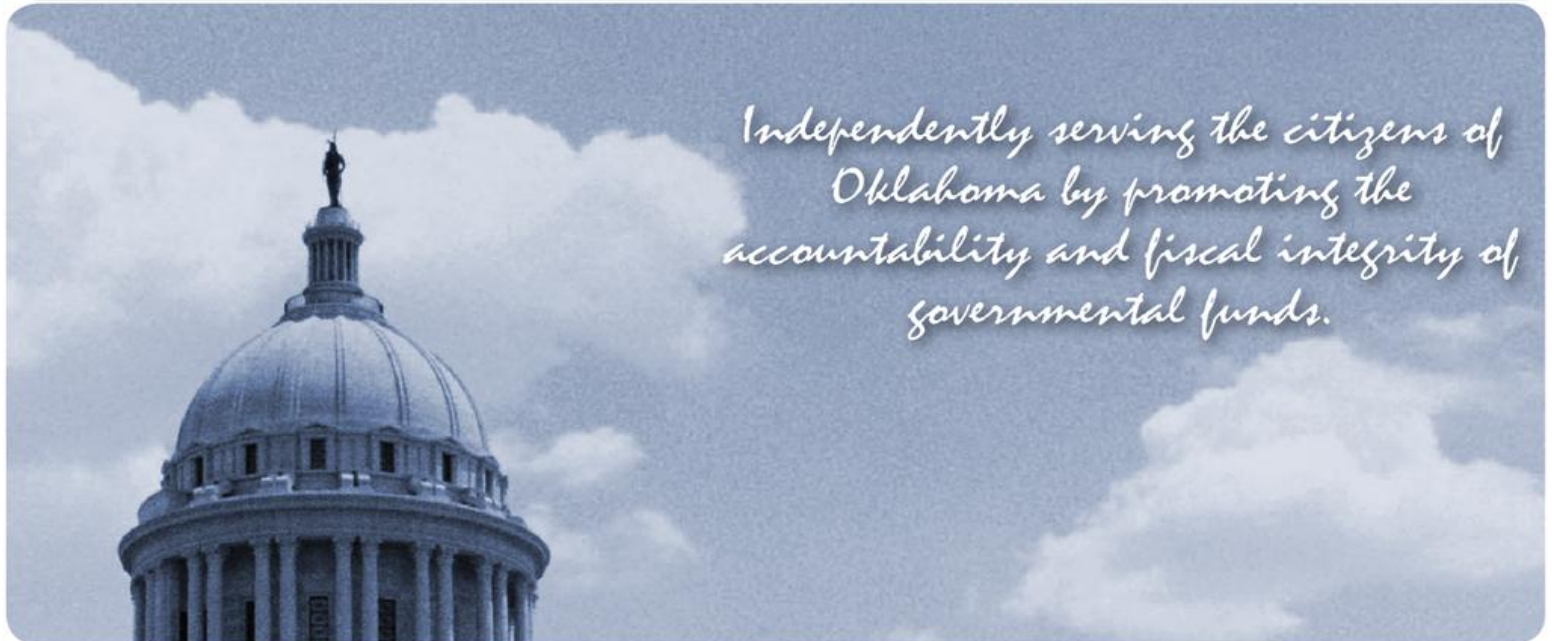


INVESTIGATIVE REPORT

**THE ASSOCIATION OF COUNTY
COMMISSIONERS OF OKLAHOMA
THE ACCO – SELF-INSURANCE GROUP
THE ACCO – SELF-INSURANCE FUND**

July 1, 2012 through June 30, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**THE ASSOCIATION OF COUNTY COMMISSIONERS OF OKLAHOMA
THE ACCO- SELF-INSURANCE GROUP
THE ACCO- SELF-INSURANCE FUND**

INVESTIGATIVE AUDIT REPORT

JULY 1, 2012 – JUNE 30, 2015

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by **74 O.S. § 212(H)**, was not printed but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries' Publications Clearinghouse Digital Collection, pursuant to **74 O.S. § 3105(B)**. This report has been released for publication by the District Attorney, District 7.



Report Highlights

This audit was performed in response to a District Attorney request in accordance with 74 O.S. § 212(H).

WHY WE CONDUCTED THIS AUDIT

The Honorable David Prater, District Attorney for the 7th District of Oklahoma, requested the assistance of the Oklahoma State Auditor and Inspector in conducting an investigative audit of the “individuals who manage” the funds of the Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG) and the Association of County Commissioners of Oklahoma Self-Insurance Fund (ACCO-SIF).

OBJECTIVE

To conduct an analysis of the formation of, relationships among, and interconnected operations of ACCO, ACCO-SIG, and ACCO-SIF; review the administration of the litigation procedures and billing processes of ACCO-SIG and ACCO-SIF as managed by ACCO; and review travel and related credit card use by ACCO employees.

KEY FINDINGS

- ACCO appears to be subject to the Open Meeting Act and the Open Records Act. (Pg. 2)
- Approximately 88% of ACCO’s revenue is from public fund sources. Some of the funds received appear to have no direct relationship to the amount of services provided. (Pg. 5)
- Evidence suggested that the former ACCO Executive Director and other ACCO personnel had conflicts of interest with the law firm housed in the ACCO-SIG/SIF building. (Pg. 9)
- From January 1, 2010 through December 31, 2014, over 80%, or \$13,857,143, of ACCO-SIG’s claims litigation was assigned to the law firm housed in the ACCO-SIG/SIF building. (Pg. 14)
- ACCO-SIG does not utilize their written litigation guidelines in the operation of the insurance program. (Pg. 14)
- ACCO has no policies, procedures, or guidelines governing their credit card purchases. Between January 2013 and March 2015 ACCO credit cards were used to purchase over \$273,000 in travel, gifts, food, conference and party related expenses. (Pg. 26)



Oklahoma State Auditor & Inspector

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February 29, 2016

The Honorable David Prater
District Attorney, District 7
321 Robert S Kerr, 5th Floor
Oklahoma City, Oklahoma 73102

District Attorney Prater:

Pursuant to your request, and in accordance with the requirements of **74 O.S. § 212(H)**, we have performed an investigative audit of the Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG), the Association of County Commissioners of Oklahoma Self-Insurance Fund (ACCO-SIF), which included funds managed by the Association of County Commissioners of Oklahoma (ACCO).

This investigation focused on the period July 1, 2012, through June 30, 2015, although this period was expanded when warranted. The objectives of our investigation primarily included, but were not limited to, the areas noted in your request.

Because investigative procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of ACCO-SIG, ACCO-SIF or ACCO.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide services to the taxpayers of Oklahoma is of utmost importance.

This report is addressed to, and is for the information and use of, the District Attorney, as provided by statute. This report is also a public document pursuant to the **Oklahoma Open Records Act**, in accordance with **51 O.S. §§ 24A.1, et seq.**

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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ACCO BOARD MEMBERS
(July 2012 – June 30, 2015)

Executive Board

President	Gene Wallace (July 2012 – December 2013) Roy Alford (January 2014 – present)
Vice-President	Roy Alford (July 2012 – December 2013) Gary Starns (January 2014- present)
Secretary/Treasurer	Gary Starns (July 2012- December 2013) Scott Hilton (January 2014- present)
Past President	Jerry Dean (July 2012 – December 2012) Gene Wallace (January 2014 – March 2015)

Board of Directors

District 1	Scott Hilton (July 2012 – December 2013) Russell Earls (January 2014 – present)
District 2	Doug Hubbard (July 2012 – present)
District 3	Gene Rogers (July 2012 – December 2014) Lance Smith (January 2015 – present)
District 4	Gary Gray (July 2012 – present)
District 5	Gloria Hesser (July 2012 – December 2012) Johnny Mann (January 2013 – present)
District 6	Jack Porter (July 2012 – December 2013) Billy Kidd (January 2014 – present)
District 7	James Gee (July 2012 – December 2013) Nicky Boone (January 2015 – present)
District 8	Cindy Bobbitt (July 2012 – present)

ACCO SIG/SIF BOARD MEMBERS
(July 2012 – June 30, 2015)

District 1	Jim Clark (July 2012 – December 2012) Mike Dunlap (January 2013 – present)
District 2	Steve Carter (July 2012 – present)
District 3	Kevin Smith (July 2012 – present)
District 4	Clyde Collis (July 2012 – December 2014) Roy Blevins (January 2015 – present)
District 5	George Skinner (July 2012 – December 2012) Rod Cleveland (January 2013 – present)
District 6	Phil Carson (July 2012 – January 2013) Benny Bowling (February 2013 – present)
District 7	Kent Smith (July 2012 – present)
District 8	Brad Raven (July 2012 – present)
Member at Large	Gary Deckart (July 2012 – October 2014) Jimmy Westbrook (November 2014 – present)

EXECUTIVE DIRECTOR

Gayle Ward	March 2007 - March 17, 2015
Gene Wallace	March 17, 2015 - present

INTRODUCTION

On March 6, 2015, Oklahoma County District Attorney David Prater requested the assistance of the Oklahoma State Auditor & Inspector (OSAI) in conducting an investigative audit of the “individuals who manage” the funds of the Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG) and the Association of County Commissioners of Oklahoma Self-Insurance Fund (ACCO-SIF).

District Attorney Prater’s request was in response to allegations made by the Association of County Commissioners of Oklahoma’s (ACCO) then general counsel concerning a possible misappropriation of ACCO-SIG and/or ACCO-SIF funds under the management of ACCO.

As a result of this complaint and request, it was determined the primary objectives in our investigation were to conduct an analysis of the formation of, relationships among, and interconnected operations of ACCO, ACCO-SIG, and ACCO-SIF; review the administration of the litigation procedures and billing processes of ACCO-SIG and ACCO-SIF as managed by ACCO; and review travel and related credit card use by ACCO employees.

On March 17, 2015, the ACCO Board voted unanimously to terminate the employment of its then Executive Director, Gayle Ward. The Board immediately and unanimously, in the same meeting, hired a new Executive Director, Gene Wallace, the immediate past president of the ACCO Board and a former Muskogee county commissioner. Mr. Wallace continues to serve in that position.

On March 24, 2015, the ACCO Board of Directors voted unanimously to terminate the employment of its then general counsel. That position remains vacant.

The results of our investigation into these objectives and concerns are documented in the following pages of this report.

ORGANIZATIONAL OVERVIEW

Three legal entities comprise the operations conducted on behalf of the county commissioners of Oklahoma:

- The Association of County Commissioners of Oklahoma (ACCO)
- The Association of County Commissioners of Oklahoma Self-Insurance Fund (ACCO-SIF)
- The Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG)

ACCO is governed by county commissioners from across Oklahoma through a 12-member Board of Directors. Eight Board members are elected by their regional districts, three officers are elected by the general membership for two-year terms and a past president serves as an ex-officio board member.

The ACCO Insurance Programs are insurance and risk management services programs. The programs function under the direction of the ACCO-SIG/SIF Board which is governed under the direction of county commissioners of Oklahoma through a nine member Board of Directors, one from each of the eight regional districts and one member-at-large. The day-to-day activities and responsibilities are delegated to ACCO, who carries out the administrative and functional responsibilities of the programs.

The ACCO Board appoints an Executive Director who serves both boards and has oversight of all three organizations. An Insurance Programs Administrator serves under the Executive Director and manages ACCO-SIG and ACCO-SIF, a Claims Litigation Manager oversees ACCO-SIG employees, and a Workers Compensation Supervisor oversees ACCO-SIF employees.

ACCO was incorporated as a non-profit corporation on February 26, 1981. The Corporation was organized exclusively to coordinate the respective county offices of this State for the purpose of improving and upgrading county government for the benefit of the general public. ACCO defines itself on its website as “231 County Commissioners in all 77 Oklahoma Counties working together for the health, safety and welfare needs of all county citizens.”

ACCO-SIF was formed in August 1983, for the purpose of group workers’ compensation self-insurance, pursuant to the state Interlocal Cooperation Act, **74 O.S. §§ 1001, et seq** and operates pursuant to § 169 of the Governmental Tort Claims Act in **Title 51** of the Oklahoma Statutes.

ACCO-SIG was formed in December 1986, pursuant to the Interlocal Cooperation Act. ACCO-SIG also operates pursuant to § 169 of the Governmental Tort Claims Act. ACCO-SIG was formed to establish and administer a property and casualty self-insurance program, permitting counties to make a more efficient use of their powers and resources and providing a procedure for securing benefits, services, indemnification or protection for participating agencies and their employees.

ORGANIZATIONAL STATUS

Background

The primary issue arising from our investigation was whether or not ACCO must comply with the Oklahoma Open Records Act and Open Meeting Act. For a non-governmental organization, this determination is based primarily on whether or not the organization, for-profit or not-for-profit, is supported in whole or in part by public funds or entrusted with the expenditure of public funds.¹

As discussed below, the majority of ACCO's financial support is comprised of public funds and ACCO is entrusted with the expenditure of public funds. However, that alone is not the sole determining factor of the answer to this question. The source of those funds, the means in which they are obtained, and the relationship with the organization that provides those funds all factor in to the equation.

Finding

ACCO appears to be subject to the Open Meeting Act and the Open Records Act.

In March 2015, the Fellers & Snider law firm working on behalf of ACCO, submitted a letter to the Office of Attorney General on behalf of ACCO, asserting that ACCO was not subject to the Open Meeting Act or the Open Records Act.

According to the opinion of the firm, the specific services that ACCO provides to ACCO-SIF and ACCO-SIG in exchange for the annual service fees that ACCO-SIF and ACCO-SIG each pay to ACCO under their Claims Service Agreements, were for identifiable goods and services and did not transform the private, non-profit ACCO into being a 'public body' supported by public funds and as such, ACCO would not be subject to the Open Records Act.

The firm based its opinion in part on **2002 OK AG 37** which officially opined:

1. Absent a contractual provision to the contrary, private organizations (either for-profit or non-profit) which contract to provide goods or services to the public on behalf of a governmental agency and receive payment from public funds merely as reimbursement for goods provided or services

¹ 51 O.S. § 24A.3(2), 25 O.S. § 304(1)

rendered are not “supported” by public funds and therefore are not subject to the requirements of the Open Meeting Act.

2. Private organizations (either for-profit or non-profit) are subject to the Open Meeting Act if:
 - A. They do not submit itemized invoices or claims for goods provided or services rendered to receive public funds, but instead receive a direct allocation of public funds from tax or other revenues; and
 - B. There is no quid pro quo or direct relationship to the amount of goods provided or services performed by the private organizations and the funds they are allocated; i.e., the organizations receive funds regardless of whether they provide goods or perform services.

If the annual service fees were the only funding source of ACCO the analysis could stop here. However, while the law firm’s letter acknowledged that “a portion of ACCO’s revenue comes from dues paid by counties”, the letter did not discuss these dues in detail and did not address the fact that ACCO-SIG/SIF each fund ACCO every year through other funding sources in exchange for no definable goods or services.

In addition to the annual service fees paid under the Claims Service Agreements entered into between ACCO, ACCO-SIG and ACCO-SIF, ACCO is also funded from the following ‘public fund’ sources:

- ACCO-SIG gives ACCO a “royalty fee” equal to three percent of its total annual collected premium.
- ACCO-SIF gives ACCO funds obtained through a three-percent “premium surcharge” on its member counties that choose to pay their annual premiums in two installment payments instead of one.
- ACCO-SIF gives ACCO a surplus of funds that it incurs as a result of receiving a one-percent discount by paying its premiums to CompSource within 45 days of the beginning of the policy term.
- ACCO invoices each county for membership dues, and all 77 counties voluntarily pay them.

The sources and purposes of these funds support the position that ACCO appears to be subject to the Open Meeting Act, and by extension, the Open Records Act.

FUNDING SOURCES

Background

ACCO is funded from various sources that are fairly consistent from year-to-year. For FYE June 30, 2014, governmental sources provided 87.81%² of ACCO’s revenue and non-governmental sources accounted for the remaining 12.19%³.

Source of Funds	Amount FYE June 30, 2014
ACCO-SIG Program Fees	\$822,833
ACCO-SIF Program Fees	\$605,900
Federal Grant Pass Through	\$412,000
Association Dues - Counties	\$289,000
ACCO-SIG 3% Royalty Charge	\$225,988
Conference Registration Fees - Other	\$177,724
ACCO-SIF 1% Discount	\$110,110
Conference Registration Fees - Counties	\$80,030
Association Dues - Other	\$70,200
ACCO-SIF 3% Pay Surcharge	\$66,299
Other	\$57,921
Investment Income	\$32,697
Marketing Fees	\$24,301
Total	\$2,975,003

The 87.81% of government funding was comprised of the following:

- 35.25% (\$1,048,821) from ACCO-SIG
- 26.30% (\$782,309) from ACCO-SIF
- 13.85% (\$412,000) in pass-through federal funding
- 9.71% (\$289,000) in dues from member counties
- 2.69% (\$80,030) in conference registration fees

Annually, ACCO-SIF and ACCO-SIG sign third-party-administrator agreements with ACCO to service ACCO-SIF’s workers’ compensation claims and ACCO-SIG’s liability and property claims. The terms of these agreements denote that for a specified “annual service fee” ACCO will review claims, maintain files, prepare reports, provide accounting services, and have settlement authority of claims.

² \$2,612,160 of \$2,975,003

³ \$362,843 of \$2,975,003

ACCO is responsible for administering all of the daily activity of ACCO-SIF and ACCO-SIG. As such, ACCO-SIF and ACCO-SIG have no employees. Rather, some ACCO employees work on a full-time basis to administer the functions of ACCO-SIF and ACCO-SIG. The existence of ACCO-SIF and ACCO-SIG cannot be isolated from ACCO; they both rely on ACCO for their operational existence.

Association of County Commissioners Self Insurance Group

Claims Service Agreement

ACCO and ACCO-SIG execute a third-party-administrator agreement each fiscal year to define the compensation paid ACCO for the services rendered to ACCO-SIG. Under the ‘Claims Service Agreement’ ACCO services the liability and property claims of ACCO-SIG.

The FYE 2013 and 2014 agreements specified that ACCO-SIG would pay ACCO an “annual service fee” in the amount of \$739,500 payable in equal monthly installments. In March 2014, an addendum was made to the agreement, increasing the monthly fee paid to ACCO by \$20,833.33 (\$250,000 annually) to offset the additional personnel costs associated with hiring in-house legal counsel. As a result, ACCO-SIG paid a total of \$822,833 in service fees to ACCO for FYE 2014.

The FYE 2015 agreement reflected that ACCO-SIG agreed to pay ACCO \$989,500 in equal monthly installments. The increase in the service fee from prior years corresponded with the additional personnel costs of \$250,000 associated with funding the position of in-house legal counsel.

While the Office of State Auditor & Inspector did not analyze the *amount* of the annual service fee paid under the ACCO-SIG ‘Claims Service Agreement’, because ACCO-SIG officials were not able to provide information about how it was calculated, the fee appears to be a reimbursement-for-services rendered to ACCO, with ACCO performing as a vendor for ACCO-SIG.

Royalty Agreement

For the past several years, ACCO-SIG has entered into an “Agreement To Pay Royalty Fee” with ACCO in exchange for three percent of ACCO-SIG’s total annual collected premium.

According to the contract, the royalty fee, among other things, is for the use of ACCO’s name, endorsement and mutual support.

WHEREAS, the parties agree that this Agreement is being entered into in order to more accurately reflect ACCO’s role; recognize ACCO’s creation and continued support of the insurance pools providing insurance coverage to counties in Oklahoma; the use of ACCO’s name and ACCO’s endorsement; and protect ACCO from potential exposure for the activities of the insurance pools; and

WHEREAS, the parties also recognize the need for mutual support so that the parties may provide the best services to the counties of Oklahoma.

The royalty fee, made payable in September of each contract year, is calculated on the total annual collected premium, and is determined by amounts and information provided by ACCO-SIG to ACCO. ACCO-SIG gave ACCO the following amounts under the royalty fee agreement:

Fiscal Year	Total Amount
2013	\$223,067
2014	\$225,988
2015	\$257,619

The royalty fees given to ACCO are funded from ACCO-SIG’s annual premium collections and are not assessed to each member individually. These fees appear to be an allocation of public funds with no direct relationship to the amount of services performed.

Association of County Commissioners Self Insurance Fund

Claims Service Agreement

ACCO and ACCO-SIF executed a third-party-administrator agreement each fiscal year to compensate ACCO for the services rendered to ACCO-SIF. Under the ‘Claims Service Agreement’ ACCO services the worker’s compensation claims of ACCO-SIF.

The FYE 2013, 2014 and 2015 agreements specified that ACCO-SIF would pay ACCO an “annual service fee” in the amount of \$605,900 payable in equal monthly installments.

While the Office of State Auditor & Inspector did not analyze the *amount* of the annual service fee paid under the ACCO-SIF ‘Claims Service Agreement’, because ACCO-SIF officials were not able to provide information about how it was calculated, the fee appears to be a

reimbursement-for-services rendered to ACCO, with ACCO performing as a vendor for ACCO-SIF.

The ‘Claims Service Agreements’ also provide for payments to ACCO of the following:

Early Pay Discount – The early pay discount is a one-percent discount of the total amount paid to CompSource if ACCO-SIF pays the gross premiums due within 45 days from the policy period inception date. Pursuant to the contract, ACCO-SIF annually transfers to ACCO all monies derived from the one-percent early pay discount.⁴

Under the ‘Claims Service Agreement’, ACCO-SIF gave ACCO the following amounts received from CompSource as a result of the early pay discount:

Fiscal Year	Total Amount
2013	\$106,212
2014	\$110,110
2015	\$116,953

These amounts appear to be an allocation of public funds with no direct relationship to the amount of services performed.

Premium Surcharge – The premium surcharge is a three-percent surcharge collected from ACCO-SIF’s members that elect to pay their yearly premiums via the two payment premium installment option. According to the contract, ACCO-SIF annually transfers to ACCO all monies derived from the three-percent premium surcharge.⁵

Under the ‘Claims Service Agreement’ ACCO-SIF gave ACCO the following amounts as a result of the premium surcharge:

Fiscal Year	Total Amount
2013	\$69,021.65
2014	\$66,299.00
2015	\$70,653.39

⁴ See Addendum #3 for a summary of ACCO-SIF’s members’ early pay discount.

⁵ See Addendum #4 for a summary of ACCO-SIF’s members’ premium charges.

CONFLICTS OF INTEREST

Background

During the course of the investigation information was brought to our attention alleging that conflicts of interest existed between the Collins, Zorn & Wagner (CZW) law firm and ACCO, ACCO employees, and more specifically with then Executive Director of ACCO, Gayle Ward.

Conflicts of interest exist when a person or entity is in a position to derive personal benefit from actions or decisions made in their official capacity. Conflicts of interest, even if just in appearance, have the potential to undermine the impartiality of officials in the course of their fiduciary duties, leading to preferential treatment in transactions conducted, or the potential misuse of funds.

Conflicts of interest and related transactions are governed for state officers and state employees that manage and oversee public funds through the Oklahoma Ethics Rules, codified in **Title 74** of the Oklahoma Statutes. While these rules do not officially apply to non-profit organizations, employees of non-profit organizations that receive and expend public funds should be mindful of the rules and endeavor to follow them. Otherwise, individuals managing public funds can do what a state employee managing the same funds cannot do simply because the person works for a non-governmental organization.

Ethics Rule 4.8 prohibits state employees from accepting any gifts for themselves or any of their family members from any vendors that are selling or attempting to sell goods or services to the state employees' agencies if the state employees are engaged in purchasing decisions.

Ethics Rule 4.9 prohibits state employees from accepting any individual gifts for themselves or any of their family members from any vendors doing business with the state employees' agencies through contracts involving property or services. (This does not include meals totaling \$50.00 or less from one vendor in one year).

Finding

ACCO and the CZW law firm provided employment and benefits to a family member of Executive Director Gayle Ward.

Dennis Winsett, brother of former ACCO Executive Director Gayle Ward, provided custodial services for the ACCO-SIG/SIF building, working as an employee of the CZW law firm, funded by ACCO.

The ACCO-SIG/SIF minutes for January 14, 2009, depicted the following:

Under New Business, Executive Director, Gayle Ward, advised the board that ACCO Building tenant, Chris Collins, has requested more building maintenance service than is currently being provided and has proposed the idea of hiring a maintenance person to be employed by his firm. After some discussion, it was the suggestion of legal counsel, Larry Derryberry, for Gayle to discuss the matter with the ACCO board and that if approved, the SIG/SIF building maintenance fund should write a check for their share of the maintenance services directly to the Collins' law firm to keep records clean. Gayle then stated she would present the idea to the ACCO board and ask Chris Collins to create a contract for Mr. Derryberry to review and would report back to the board at a future meeting.

Even though building-related matters are the responsibility of ACCO-SIG/SIF, the proposal for additional building-maintenance service was to be presented to the ACCO Board for approval. However, the Oklahoma State Auditor & Inspector's office (OSAI) found no evidence that any future ACCO board meeting minutes presented subsequent discussion or approval of the maintenance position.

In the ACCO-SIG/SIF meeting minutes for March 18, 2009, Gayle Ward referred to Dennis Winsett as the "building maintenance supervisor"; however, we found no evidence that the issue was discussed and/or approved by the ACCO or the ACCO-SIG/SIF boards. No contract between ACCO or ACCO-SIG/SIF and CZW concerning this arrangement could be provided to OSAI.

Between February and April 2009, ACCO SIG/SIF building funds were used in payment to CZW for custodial services at \$2,000 per month. During the same time period, CZW compensated Dennis Winsett \$2,000 per month. These payments were increased to \$2,500 in May 2009 by both ACCO-SIG/SIF and CZW.

In February 2011, continuing until February 2015, ACCO-SIG/SIF paid CZW \$2,700 per month with CZW increasing Mr. Winsett's compensation to \$3,000 per month. CZW provided Mr. Winsett with health, life, and disability insurance for the entirety of his employment. A portion of ACCO's accounts payable ledger is shown below:

10/29/2014	10/29/2014	Collins 10/27/1	6235	October 2014 Bldg Maint	2,700.00
11/20/2014	11/20/2014	Collins 11/20	6242	Nov 2014 Bldg Janitorial Exp	2,700.00

In March 2015, simultaneously with our investigation, the payments to CZW for "building maintenance" were discontinued.

The ‘Real Estate Lease Agreement’ between ACCO and ACCO-SIG/SIF authorized the ACCO Executive Director to make necessary payments of less than \$7,500 for any routine utility, janitorial or trash payments. As such, no payments made to CZW for the employment of Dennis Winsett were approved by the Boards. However, the monthly payments made to CZW for these services were depicted on each monthly report provided to the ACCO-SIG/SIF Board.

Earned-Longevity Bonuses

ACCO utilizes an earned-longevity program to reward full-time, permanent employees based on their lengths of service. The minimum payment is \$300 after one year of ACCO employment with an additional \$100 added per calendar year of employment thereafter until the maximum of \$1,000 is reached.

Although Dennis Winsett was not an employee of ACCO, he was paid a longevity bonus of \$1,000 in both 2012 and 2013. According to Gayle Ward, longevity bonuses were provided to Mr. Winsett because he provided security and other building services for ACCO. As such, Ms. Ward viewed him as a “semi-employee” of ACCO.

Contract Labor

Dennis Winsett, brother of ACCO Executive Director Gayle Ward, also provided catering services for ACCO, ACCO-SIG, and ACCO-SIF. Winsett was compensated \$13,481.25 in 2013 and \$13,104.86 in 2014 as contract labor. He was issued a single Form 1099 for these amounts in both years.

Credit Card Usage

Although Dennis Winsett was not an employee of ACCO, he maintained an ACCO credit card with a credit limit of \$7,500. Mr. Winsett incurred \$3,950.15 and \$8,334.03 of expenses on the credit card in 2013 and 2014, respectively. The majority of the credit card transactions were incurred on behalf of the ACCO-SIG/SIF Building Fund, but food for catering events was also purchased for ACCO directly.

iPhone and iPad

ACCO provided Mr. Winsett with an iPhone and an iPad and paid for the monthly billings associated with these items. According to an ACCO

official, these items were provided for the purpose of monitoring the building's security-system. As of the date of this report, these items were no longer in Mr. Winsett's possession.

Finding

Services, gifts and/or benefits provided to the ACCO Executive Director and her family members, and ACCO employees and their family members, were paid for by the vendor law firm CZW and/or Chris Collins, President of CZW.

1. Email correspondence on November 13, 2014, between Gayle Ward and the spouse of Chris Collins, depicted that the following items, totaling \$2,388.74, were procured for Ms. Ward for a weekend trip to San Jose, California:

Round-trip airline ticket totaling \$1,027.20

Three-night hotel stay totaling \$1,152.59

Ticket to Oprah Winfrey event totaling \$208.95

On November 24, 2014, Ms. Ward communicated in an email her appreciation of the trip and an offer to pay, to which a reply included, "You need not pay for anything. It was our treat." Gayle Ward stated that she attempted to provide reimbursement for the trip via check, but the check was never cashed.

2. CZW provided legal services, at no charge, for several ACCO employees and their families. Services provided included:
 - Management of trust
 - Adoption assistance
 - Expungement of records
 - Mortgage assistance
 - Traffic citation assistance
3. CZW provided gifts to ACCO employees consisting of:
 - Visa gift cards (\$100 or less per occurrence)
 - Cash (\$100 or less per occurrence)
 - Honey-baked hams for all ACCO employees for Christmas
 - Dress and golf shirts
 - Tickets to Oklahoma City Thunder basketball games
4. In December 2012, CZW and/or Chris Collins provided transportation and a reception, in conjunction with the funeral proceedings of Gayle Ward's spouse, a former Executive Director of ACCO. A reception

was held at the ACCO-SIG/SIF building, and paid for by CZW/Chris Collins, at an approximate cost of \$4,000.

5. Cookouts, parties, luncheons and gift exchanges were held involving CZW and ACCO employees.

Finding

ACCO paid for the travel cost of Chris Collins of CZW to speak at a National Council of County Association Executives (NCCAE) Pool Meeting.

In September 2014, Chris Collins accompanied employees from ACCO to the NCCAE Pool Meeting in Dallas, Texas. According to Gayle Ward, as vice-president of the NCCAE, one of her responsibilities was to provide a speaker for this meeting. At Ms. Ward's request, Mr. Collins spoke at the conference.

9:30 - 10:30 a.m.	Jail Risks <i>Presented By: Christopher Collins, Founder and President, Collins, Zorn & Wagner, P.C., Oklahoma City</i>
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An ACCO credit card was used to pay the hotel, room-service, restaurant, and in-room movie expenses incurred by Mr. Collins. The total cost paid by ACCO for this two-night stay was \$459.82. According to Mr. Collins, during this same weekend, he paid for a night of dinner and drinks for the attending ACCO employees.

Finding

ACCO made contributions to a Charitable Foundation associated with the CZW law firm.

The Jason C. Wagner Foundation was created in memory of Jason Wagner, who was a partner at CZW prior to his death. Chris Collins' wife serves as the president of this foundation, and Mr. Collins serves as the vice-president.

The Foundation holds golf tournaments to help raise funds for scholarships. ACCO has sponsored and/or participated in the golf tournament on eight occasions for a total sponsorship amount of \$9,850. ACCO employees were permitted to participate in the tournament without taking annual leave.

INSURANCE LITIGATION

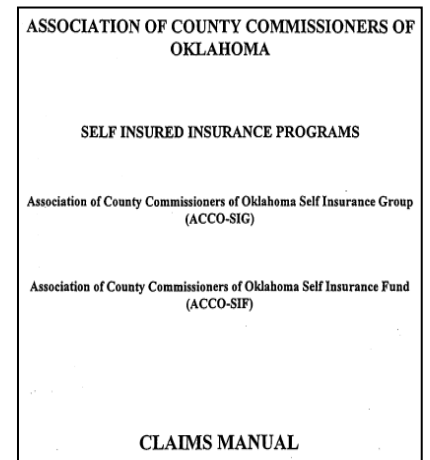
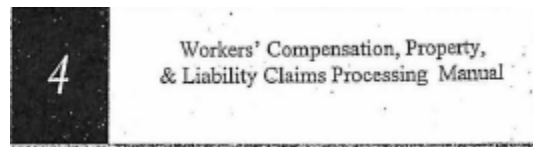
Background

The Office of State Auditor & Inspector (OSAI) was presented the following allegations related to the oversight of insurance litigation:

- ACCO-SIG was operating without litigation billing guidelines or without following existing guidelines,
- ACCO-SIG was assigning almost all legal work to one law firm, and
- ACCO-SIG was wasting funds by utilizing a “hardball” philosophy of case management.

In 1998, when ACCO-SIG/SIF brought claims processing “in house”, officials created a ‘Claims Manual’. The manual appeared to define claims processing for ACCO-SIF as well as ACCO-SIG, as shown here on the cover page of the manual.

Additionally, Chapter 4 of the manual’s ‘Table of Contents’ was defined as shown below.



At ACCO-SIG’s September 2014 meeting, the then general counsel discussed creating litigation guidelines. At that time, he was not aware that litigation guidelines existed since they were not being utilized.

██████████ then discussed agenda item #12 with the Board regarding the implementation of litigation guidelines. ██████████ stated that litigation guidelines should be established in order to control defense costs and attorney fees in defending lawsuits and stated that he would be asking for Board action at some point for approval. A motion to table the agenda item until the next Board meeting was made

This issue was revisited in October 2014 and December 2014, once again to discuss the benefits that these guidelines would provide, and that the guidelines would be presented for the Board’s approval in a future meeting. The new guidelines were never presented for Board approval.

It appears an ACCO-SIG/SIF Claims Manual already existed, and we found no evidence that would indicate that the procedures defined in the manual should not apply to the processing of ACCO-SIG/SIF claims.

Finding

The ACCO ‘Claims Manual’ was not used in the administration of ACCO-SIG’s claims-management operations.

According to ACCO’s Claims Litigation Manager and Insurance Programs Administrator, ACCO-SIG admittedly does not use the ACCO-SIG/SIF ‘Claims Manual’ in processing ACCO-SIG claims.

The litigation-billing guidelines depicted in the Claims Manual list specific actions and expenses for which ACCO-SIG is not to reimburse law firms.⁶ Among these are fixed office-overheard charges, multiple attorneys or paralegals working on the same case without approval, review of associates’ or paralegals’ work that appears to be excessive or unnecessary, attorney fees for non-attorney work, unapproved or unnecessary travel expenditures, unapproved legal research, photocopy charges that are not calculated at a specified rate, and unexplained or ambiguous work.

Based upon these defined litigation-billing requirements, we reviewed five ACCO-SIG cases to determine if disallowed charges had been paid. The cases reviewed were initially opened between 2010 and 2014 and remained open as of the date of OSAI’s review.

All five cases reviewed were managed by Collins, Zorn & Wagner. One case included a conflict assignment to Pierce, Couch, Hendrickson, Baysinger & Green.

Of the \$350,708.58 of litigation expenses reviewed, it appeared that \$37,349.99, or 10.65%, spread among all five cases, contained potential instances of disallowed charges.

For example, in one of the five cases, \$23,725.98 out of \$170,984.98 of total cost, appeared to be for non-reimbursable expenditures, comprised of the following:

- \$8,152.42 in fixed office-overheard charges
- \$5,940.40 for multiple attorneys or paralegals working on the same case without approval, review of associates’ or paralegals’ work that

⁶ See excerpt from the ACCO-SIG/SIF Claims Manual at Addendum 1

appeared to be excessive or unnecessary, or attorney fees paid for non-attorney work

- \$3,866.37 in unapproved or arguably unnecessary travel expenditures
- \$3,010.22 for unapproved legal research
- \$1,846.57 for copy charges that were not calculated at the specified rate
- \$910.00 for unexplained or ambiguous work

In two of the five cases reviewed, charges totaling \$1,288.65 were billed for the costs of CZW substituting one of their attorneys with another one within the same case.

As shown in the excerpt below, the claims litigation manual advocates “meticulous invoice review”. We reviewed copies of 38 case files, including the five cases noted above, and found no documentation that legal billings had been reviewed, corrected when necessary, or revised.

ACCO's litigation management program consists in the blending of outstanding defense counsel, reports, forms, formats, requirements, training, **meticulous invoice review** and audit and strong administrative oversight and support.

According to the Claims Litigation Manager, law firm billings are reviewed and sometimes questioned, and, if necessary, the firms will reduce the time charged on the bills or provide additional information to clarify the issues. He also stated that when a bill has been revised, the original is replaced with the revised copy, and the original, with documented corrections, is not maintained.

OSAI recommends that the litigation-billing guidelines be followed and that all changes to original billings be documented to provide evidence that proper review and oversight of billings has occurred.

Finding

ACCO-SIG and ACCO-SIF have a self-declared ‘Strong Defense Posture’ which arguably increases litigation at the expense of taxpayer funds.

ACCO-SIG/SIF’s Claims Manual explicitly states that the two insurance programs will operate under a “strong defense posture”. The Insurance Programs Administrator provided the following portion of the Claims Manual as documentation of this posture:

X. STRONG DEFENSE POSTURE:

In defending public entity suits, ACCO exercises its fiduciary responsibility to provide a tenacious defense where defensible issues are involved. ACCO does not adhere to the generalized concept in the insurance industry of "buying out for economic reasons" where the insured has no liability and completely defensible position. The philosophy of "if we are right, we will fight" is a major guiding principle in defense of frivolous and non-meritorious suits.

It is imperative that ACCO and the members of ACCO defense panel not adopt positions and actions that will create "bad law" and start a negative trend that will affect the entire program membership. In addition, the vital necessity exists to preclude harmful precedent whether the issues are established in law or not.

Each subscriber member has the opportunity to provide maximum input into the options of settlement or defense in each law suit. Subscribers will be provided the opportunity to concur or not concur with the approach that ACCO and defense counsel recommends. If, for some unusual reason an agreement cannot be reached, the insured entity and ACCO will utilize other options available to them.

The manual also states that ACCO's chosen philosophy has a natural by-product of increased lawsuits and a potential for voluminous attorney fees:

IV. DEFENSE COUNSEL BILLING AND PAYMENT GUIDELINES:

ACCO's philosophy and practice of defending frivolous and non-meritorious claims coupled with the need to not establish "bad law" or precedent has a natural by-product: increased lawsuits. With the potential for voluminous attorney fees and accompanying costs, it is incumbent upon the claims department to give rapt and careful attention to each billing that comes in prior to payment.

The manual further notes that the funds expended as part of these potentially voluminous costs comes from "the tax payers of the member subscribers":

INTRODUCTION:

A natural by-product of liability insurance coverage is a law suit. The premium and indemnity dollars for self-insured retention programs like the Association of County Commissioners of Oklahoma Insurance Programs, comes from the tax payers of the member subscribers. Therefore, it is incumbent on the claims department to manage properly the funds used in defending actions against ACCO's member counties.

As discussed in the Claims Manual, choosing the 'Strong Defense Posture' appears to increase litigation cost to taxpayers. We acknowledge that this choice is a management decision. However, tied to this decision are the related issues also addressed in policy which is the need to "give rapt and careful attention to each billing that comes in prior to payment", that "it is incumbent on the claims department to manage properly the funds used in defending actions against ACCO's member counties", and

the need for a “meticulous invoice review and audit and strong administrative oversight and support”.

These criteria do not appear to be met, or, if they were met, they were not being properly documented. OSAI could find no documented evidence that law firm billings had been reviewed, questioned, discussed, or approved prior to payment.

We also suggest that ACCO-SIG/SIF revisit their management decision on utilizing the ‘strong defense posture’, evaluating as to whether the organizations are receiving the best defense at the best cost for their clients.

Finding

One ACCO employee controls almost every aspect of ACCO-SIG’s claims operations.

ACCO’s Claims Litigation Manager handles almost all of the functions of ACCO-SIG’s claims processing. It was communicated to us that this individual’s duties included:

- Opening new cases and assigning them to law firms
- Receiving and reviewing invoices from law firms
- Approving payments to law firms, and inputting payments into the ACCO computer system
- Printing checks for mailing to law firms and other payment recipients
- Signing and approving all checks of amounts less than \$100,000

When the Claims Litigation Manager is out of the office, another employee inputs the payments and prints the checks, but they are printed with the Claims Litigation Manager’s signature on them.

According to the Claims Litigation Manager, if a check is for more than \$100,000, the ACCO Executive Director’s signature is also required. All other checks need only have one signature. Blank checks are to be kept “locked up”; however some blank checks were maintained in the Claims Litigation Manager’s office. In FY14, we noted only one check issued out of the County Claims of Oklahoma⁷ account for more than \$100,000, and it was not co-signed by the Executive Director.

⁷ ACCO-SIG and ACCO-SIF utilize a for-profit corporation called County Claims of Oklahoma (CCO) in a “doing-business-as” manner for insurance and litigation claims-handling purposes.

Prior to checks being issued, another employee reviews them to ensure that they are for the amounts and payees reflected in the case files. Other than the check review, there appeared to be no additional reviews or oversight of the Claims Litigation Manager's work.

In comparison, ACCO-SIF's claims processes were divided among different individuals and included functions that appeared properly segregated. According to ACCO officials, the segregation of duties for ACCO-SIF had been implemented due to past audit recommendations.

OSAI recommends that management review the lack of segregation of duties under the ACCO-SIG claims-handling process, that they consider involving more employees in the process and that they implement additional controls and oversight to help safeguard the payment of claims.

Finding

The majority of ACCO-SIG's litigation work was assigned to one law firm.

ACCO's Claims Manual states that "ACCO has assembled a strong defense panel" from law firms across the State and that the "selection of defense counsel shall be a concurrence between the Claims Manager and Administrator":

I. DEFENSE PANEL:

At the heart of any successful litigation management program would be competent defense attorneys with the expertise and commitment to meet the insured's needs. ACCO has assembled a strong defense panel consisting of outstanding law firms from all sections of the state of Oklahoma. Their selection was based on not only geographic political boundaries but expertise as well.

OSAI found no evidence that a defense panel was in place. It appears that ACCO-SIG does not operate with any case rotation among law firms. Instead, almost all cases are initially assigned to Collins, Zorn and Wagner (CZW). If CZW attorneys determine that a legal conflict exists in a case then the ACCO-SIG Claims Litigation Manager assigns one of the defendants to an additional law firm. If additional conflicts are determined to exist, then additional law firms are used as needed.

Unlike ACCO-SIF, there is not a contractual hourly rate for litigation services to which all firms must adhere. Rather, the firms inform ACCO-SIG of their rates annually. For the top two most used law firms, which were paid almost 95% of the litigation costs shown below, rate of pay for attorneys ranged from \$115 per hour to \$160 per hour.

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The following table depicts the amounts that ACCO-SIG paid to law firms for the calendar years January 1, 2010 through December 31, 2014:

ACCO-SIG Calendar Year Totals						
Law Firm ⁸	2010	2011	2012	2013	2014	Totals
Collins, Zorn	\$2,578,173.56	\$2,640,612.68	\$3,154,144.60	\$2,675,426.02	\$2,808,786.64	\$13,857,143.50
Pierce, Couch	\$211,805.64	\$297,621.50	\$347,987.87	\$633,422.94	\$936,961.76	\$2,427,799.71
Lee Law Center	\$113,969.32	\$143,861.57	\$174,876.56	\$229,566.22	\$98,605.82	\$760,879.49
Lytle, Soule	\$0	\$0	\$0	\$5,371.29	\$26,970.29	\$32,341.58
Goolsby, Procter	\$0	\$0	\$0	\$0	\$54,188.44	\$54,188.44
Frailey, Chaffin	\$47,566.94	\$19,961.78	\$32,521.47	\$7,098.86	\$9,603.44	\$116,752.49
Totals	\$2,951,515.46	\$3,102,057.53	\$3,709,530.50	\$3,550,885.33	\$3,935,116.39	\$17,249,105.21

Conversely, as of October 2012, ACCO-SIF's litigation cases were rotated among seven law firms, five in Oklahoma City and two in Tulsa. CompSource Oklahoma approved the law firms in the rotation and set a contractual rate of pay for attorneys at \$90 per hour.

The following table depicts the amounts that ACCO-SIF paid to law firms for the calendar years of January 1, 2010 through December 31, 2014:

ACCO-SIF Calendar Year Totals						
Law Firm ⁹	2010	2011	2012	2013	2014	Totals
Zlotogura	\$178,076.96	\$145,155.26	\$116,668.63	\$74,589.05	\$49,774.64	\$564,264.54
Richard McGonigle	\$53,535.08	\$53,100.38	\$77,209.37	\$42,748.57	\$58,409.28	\$285,002.68
Collins, Zorn	\$0	\$0	\$56,527.14	\$48,699.34	\$33,831.81	\$139,058.29
Derryberry&Naifeh	\$10,863.00	\$11,786.56	\$15,248.47	\$22,288.41	\$27,389.47	\$87,575.91
Pierce, Couch	\$0	\$0	\$2,244.50	\$13,571.28	\$18,696.59	\$34,512.37
Jacque Brawner Dean	\$0	\$0	\$3,209.61	\$10,709.52	\$13,924.62	\$27,843.75
Totals	\$242,475.04	\$210,042.20	\$271,107.72	\$212,606.17	\$202,026.41	1,138,257.54

For ACCO-SIG, OSAI recommends the Board consider putting in place the 'strong defense panel' referred to in their claims manual, defining the billable rates of their defense attorneys and implementing and documenting their review and oversight of all claims billing processes.

⁸ The complete firm name was not used for our reporting purposes.

⁹ The complete firm name was not used for our reporting purposes.

ACCO-SIG/SIF BUILDING

Background

ACCO-SIG and ACCO-SIF own the building in which ACCO operates. Per the March 2008 lease agreement ACCO pays a monthly lease payment of \$2,100. This amount is based on the fair rental value of the building and in consideration of ACCO’s responsibilities of managing the premises and administering the building’s day-to-day maintenance and operations.

All rent paid by ACCO and any income received by ACCO from any sublease is placed in a joint account referred to as the “ACCO-SIG and ACCO-SIF Building Maintenance Fund”. Funds in this account are used to pay for all routine building expenses, including but not limited to utility expenses, insurance, property taxes, janitorial services, etc.

ACCO-SIG/SIF has authorized the ACCO Executive Director, as manager of the premises, to make any necessary payments, including routine utility, janitorial, and trash payments of less than \$7,500 from the Building Maintenance Fund without prior approval.

In addition to the monthly rent payment, the lease terms called for ACCO to transfer \$33,700 to the Building Fund upon the enactment of the lease. Since that time, ACCO has made additional contributions to the Building Fund, a donation in September 2009 of \$2,500; a donation of \$19,800 in December 2009; and \$1,450 for the purchase of a stove in December 2013. The terms of the 2008 lease are still in effect.

ACCO-SIG and ACCO-SIF also lease space to the Collins, Zorn & Wagner, (CZW) law firm. CZW leases the second floor and parts of the first and third floors of the building. The Oklahoma Cooperative Circuit Engineering District Board (OCCEDB) occupies space in the building, but CZW is the only other paying vendor in the building.

Building Tenants	Square Footage
Collins, Zorn & Wagner	7,606.3 ¹⁰
Common Areas*	7,501.0
ACCO-SIG/SIF	3,957.9
ACCO	3,820.4
OCCEDB	891.2
Total	23,776.8

*Includes ballroom, board rooms, stairwell, hallways, etc.

¹⁰ CZW’s office space and use of common areas was last officially calculated at 8,765 square feet, per a 2003 building appraisal. According to ACCO’s office manager, CZW reduced its space and now occupies approximately 7,607 square feet, not including common areas.

Finding ACCO-SIG/SIF forgave ACCO past-due rents of \$3,400.

The 2003 lease agreement between ACCO-SIG¹¹ and ACCO included a clause requiring that the monthly rental amount be adjusted by the U. S. Bureau of Labor Statistics' Consumer Price Index at renewal. This requirement was never enacted, and on November 6, 2007, ACCO-SIG forgave \$3,400 in past-due rent from ACCO that was derived from the Consumer Price Index clause.

No other instances of the Consumer Price Index being utilized or enacted as part of this lease were noted. The current ACCO lease does not contain a Consumer Price Index clause.

Under Article 10 Section 15 of the Oklahoma Constitution, the credit of the State shall not be given, pledged, or loaned to any individual, company, corporation, or association. ACCO-SIG, as a governmental entity, should not have forgiven the \$3,400 debt.

Finding The Consumer Price Index clause of the Collins, Zorn & Wagner lease has not been complied with.

ACCO-SIG/SIF and CZW entered into their most current lease agreement on July 1, 2008. Per the lease, CZW leases 8,765 square feet¹² of the 23,776-square-foot building at a cost of \$7,304 per month. The terms of the lease renew each year if neither party objects to its renewal.

Exhibit B of the lease specifies that the rental amount "shall" be increased annually based upon the U. S. Bureau of Labor Statistics' Consumer Price Index. ACCO-SIG/SIF has not required CZW to pay the increase since the execution of the contract.

Applying calculations of the Consumer Price Index to the monthly lease amounts of CZW for the periods of July 2009 – June 2015, OSAI estimates that additional amounts due from CZW would have been approximately \$22,000.

According to CZW, since 2008, they have paid for, or reimbursed ACCO for the following improvements made to the general areas of the ACCO-SIG/SIF building: building security equipment-\$17,744.44, landscaping/storage building-\$16,562.22; ballroom chandeliers-\$7,603.20; sprinkler

¹¹ In 2003 ACCO-SIG was sole owner of the building.

¹² See footnote 10

system-\$2,550. CZW also presented evidence that an additional \$98,388.09 had been spent in remodeling their leased space.

Although the values of these contributions appear to exceed the cost of the Consumer Price Index increases, the lease agreement terms should be adhered to or amended to help assure compliance with the lease.

Finding

Use of the common areas of the ACCO-SIG/SIF building are not defined in the CZW lease agreement.

The current lease agreement between CZW and ACCO-SIG/SIF does not define the use of the building ballroom or boardrooms. Uses of additional facilities in the lease were noted as those described in Exhibit "A":

EXHIBIT "A" – ADDITIONAL FACILITIES

- Parking facilities;
- Restroom facilities;
- Hallway, stairs, and elevators.

According to an ACCO employee, the *verbal policy* is that employees and "the attorneys" do not have to pay for use of the building ballroom or boardrooms. There is no *written policy* concerning the use of these common areas.

A written policy for use of all building facilities should be established. Use of the facilities and/or application of the policy should also be integrated into the CZW lease agreement and any agreements with future tenants.

RELATIONSHIP WITH THE CIRCUIT ENGINEERING DISTRICTS BOARD

Background

Title 69 O.S. § 687.1 authorizes counties to form circuit engineering districts, governmental subdivisions formed for the purpose of assisting the counties in making the most efficient use of their powers through cooperation with each other.

In 2007, the eight circuit engineering districts throughout the state formed the Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB). OCCEDB has the authority to conduct business that furthers the provisions of the County Road Improvement Act and to administer the statutory Statewide Circuit Engineering District Revolving Fund. OCCEDB and the related circuit engineering districts are *political subdivisions of the State*.

ACCO has contracted with OCCEDB for several years with each year having similar contract provisions. The fiscal year 2015 contract defined the following services to be provided between ACCO and OCCEDB.

Provided by ACCO:

- Pre-fund products and services deemed necessary by OCCEDB
- Cooperate with the State Auditor's Office for annual audits
- Have ACCO's accountant attend OCCEDB meetings upon request
- Other services agreed to by both parties

Reimbursement was to be paid by OCCEDB to ACCO on a monthly basis not to exceed \$40,000 annually.

Provided by OCCEDB:

- Legislative research
- Liaison with elected officials and their staffs
- Assistance with ACCO conferences
- Operation of ACCO's solid-waste program

Compensation of \$12,000 per year, \$1,000 per month, was paid by ACCO to OCCEDB for these services.

On November 19, 2014, ACCO voted to contract with Gene Wallace, the immediate past president of ACCO and a former Muskogee County Commissioner, as a “Professional Development Liaison” for \$48,000 per year. On January 28, 2015, ACCO voted to amend the 2014/2015 OCCEDB contract to include an additional \$2,000 per month to be paid to ACCO by OCCEDB for the services of the ACCO “Professional Development Liaison”.

Although not included in the contract noted above, ACCO also provided office space and Apple iPhones to OCCEDB’s two employees at no cost. The iPhones were purchased for approximately \$650 and the annual value of the office space would be estimated at \$8,900.

Finding

ACCO allows OCCEDB’s employees to use ACCO credit cards.

Randy Robinson, Executive Director of OCCEDB, and another OCCEDB employee each have an ACCO credit card with a limit of \$10,000 and \$5,000, respectively. ACCO “pre-funds” expenses incurred by OCCEDB, and OCCEDB reimburses ACCO each month for the expenses incurred.

In Calendar Years 2013 and 2014, \$14,101 and \$7,874, respectively, was spent on the Mr. Robinson’s credit card, and \$1,203 and \$3,117 was spent on the other employee’s card.

Mr. Robinson was employed with ACCO for nine years before becoming employed with OCCEDB in 2007. He had a credit card as an ACCO employee and was allowed to continue using it when he became director of OCCEDB. OCCEDB’s other employee was provided a card after he began working for OCCEDB in June 2010.

According to Mr. Robinson, “it was decided” that “it was cleaner” for himself and OCCEDB’s other employee to have credit cards through ACCO instead of using purchasing cards through the State. According to ACCO’s former accountant, OCCEDB’s employees were provided ACCO credit cards because OCCEDB cannot legally use credit cards outside of the State’s purchasing card system.

CREDIT CARD USAGE

Background

The Office of State Auditor & Inspector (OSAI) reviewed ACCO credit card expenditures for the statement periods of January 2013 through March 2015. These transactions consisted of credit card purchases made by 13 different individuals. Ten of these individuals were employees of ACCO, two were employees of the Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB), and one was an employee of the Collins, Zorn & Wagner (CZW) law firm.

ACCO maintained no policies or procedures regarding the use of credit cards. There were no definitions provided on what constitutes “reasonable” or “necessary” in the expenditure of funds.

Because such policies and procedures did not exist, OSAI looked to ACCO, ACCO-SIG, and ACCO-SIF’s articles of incorporation and ACCO’s bylaws for guidance of the “reasonable and necessary” use of funds. Article XIV of the ACCO by-laws (as amended in 2012) depicts the following:¹³

Section 1. The Association shall use its funds only to accomplish the objectives and purposes specified in its Articles of Incorporation and no part of said funds shall inure, or be distributed, to the members of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified, charitable, educational, scientific, or qualified governmental organizations to be selected by the Board of Directors or a duly qualified successor organization.

In a similar manner, the ACCO-SIG Articles of Association (as amended on November 3, 1999) states in Article XIV:

All funds contributed to the Group shall be used solely to operate the Group.

Article 10.01 of the ACCO-SIF Articles of Association (as amended on November 3, 1999) depicts the following:

Use of Funds

All funds contributed to the Fund shall be used solely to operate the Fund. Any surplus monies may be distributed at the discretion of the Board of Trustees.

Since OSAI looked to the articles of incorporation and bylaws for guidance on the acceptable expenditure of funds, transactions were

¹³ See ACCO By-Laws at Addendum 2

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questioned if they appeared to not be consistent in fulfilling the purposes of the organizations as defined in their governing documents or if they appeared excessive, unnecessary, or unreasonable and not in the best interest of the organizations. It should also be noted, if ACCO was a governmental agency, a portion of these cost would not be allowable.

Summary of Transactions

The 2,214 transactions, totaling \$420,628.20, incurred on ACCO’s credit cards between January 2013 and March 2015 are summarized below.

Category	Purpose	Amount
Out-of-State Travel	Conference fees, airfare, parking, fuel, hotels, and meals while out-of-state	\$99,536.65
Technology	Purchases of computers, cell phones, tablets, etc., including monthly data charges	\$72,571.34
Gifts & Awards	Party prizes, gifts to commissioners and vendors, including conference awards	\$65,645.87
Food	Events and catering; non-restaurant purchases	\$53,670.74
Office Costs	Supplies, decorations, coffee, etc.	\$24,334.13
Conference & Party Supplies	Non-food purchases for parties, meetings and conferences hosted by ACCO	\$22,862.33
Restaurant Charges In-state	Employee charges, including executive board member dinners	\$21,353.19
Store Purchases (Department/non-grocery)	Various purposes	\$12,068.84
Hotels In-state	For employees and board members	\$10,034.55
Education and Training	Employee cost	\$9,643.45
Vehicle Costs	Repairs, car washes and fuel	\$9,572.76
Building & Maintenance Costs	Building expenses and storage	\$7,549.36
Professional Licenses and Organizations	Employee expense	\$4,580.63
Internet Purchases	Various purposes	\$2,900.04
Grocery Store Purchases	Various purposes	\$2,531.93
Clothing	Board members and other	\$1,772.39
	Total	\$420,628.20

The fact that ACCO incurred over \$273,000 in travel, gift, food and party purchases lends a question as to whether the purposes for which ACCO was created were being accomplished. Examples of some of the specific questioned costs follow.

Finding

Gifts were purchased for *board members* in possible violation of applicable by-laws and articles of association.

When county commissioners are elected to the ACCO board, ACCO provides them with a sports coat, a dress shirt, and a tie to wear to conferences. The following expenditures were noted:

- \$577.46 at ‘The Men’s Wearhouse’ on January 23, 2014
- \$680.21 at ‘The Men’s Wearhouse’ on January 28, 2015

In November 2013, knives were purchased as Christmas gifts for ACCO, ACCO-SIG/SIF, and OCCEDB board members for a total of \$2,495.08. Each entity reimbursed its respective portions of these gifts to ACCO.

ACCO presented Gene Wallace, ACCO’s current executive director, a \$500 gift card and a \$198 gun case as “outgoing” gifts at the end of 2013 when his tenure as the ACCO board president was complete.

Under Article IX of the ACCO by-laws “Directors and elected officers shall not receive any compensation for their services, other than what is allowed by law. Likewise, ACCO-SIG’s and ACCO-SIF’s Articles of Association both assert that Board members shall not receive compensation with respect to their services on the Board.

The giving of the items noted above appear to be in violation of these requirements and place question as to whether such expenditures and gifts were reasonable or necessary in accomplishing the purposes of ACCO and ACCO-SIG/SIF.

Finding

Some gifts purchased and awarded for door prizes, contest prizes, and travel and meal expense appear to not be “reasonable” or “necessary” in furthering the purposes of ACCO and ACCO-SIG/SIF.

Gift and Prizes

At the various ACCO-affiliated conferences, door-prize gifts and bingo prizes, which can be substantial in amount, were given and won, often to and by county officials and employees whose conference attendance was

paid by the counties. The following are *examples* of some of the gifts purchased with ACCO credit cards:

Date	Amount	Store	Description
9/11/13	\$1,236.86	Best Buy	Bingo: iPad, Kindle Fire tablet, and 47-inch TV
2/28/14	\$1,181.24	Best Buy	Bingo: Two iPads, two iPad cases, and computer monitor
7/3/14	\$606.37	Wal-Mart	Conference: bean-bag chairs
7/14/14	\$461.09	P & K Equipment	Conference: Stihl chainsaw MS29120
7/16/14	\$540.79	Lowe's	Conference: Weber Spirit E310 grill
7/16/14	\$432.99	Academy	Conference: Yeti Tundra cooler
7/18/14	\$736.03	Best Buy	Conference: iPad
11/12/14	\$225.70	Walgreens	Bingo: Visa gift card purchases
Total	\$5,421.07		

Following are additional *examples* of questionable purchases, including gifts, prizes, hotels, meals and other items:

- During the ACCO Fall Conference, \$850.50 was expended to purchase gift cards for a costume contest. The top prizes in the amounts of \$250 and \$150 were won by two board members of ACCO-SIG/SIF.
- On January 22, 2015, ACCO purchased a \$200 Dillard's gift card as a "farewell" gift for an employee resigning her employment.
- ACCO purchased a total of \$8,654.32 worth of knives during the period under review. The purposes of these purchases included prizes/gifts for conferences and board members. This total includes the \$2,495.08 worth of Board Christmas gifts previously mentioned.
- In December 2014, ACCO credit cards were used to incur a total of \$2,563.21 for the purpose of showing vendor appreciation. Of that, \$1,305.47 was spent on gifts for vendors, including gift cards, tool kits, and speakers, and the other \$1,257.74 was spent on food-related items.

Hotel Expense

- In August 2014, Executive Director Ward spoke at an event for Project H.E.A.R.T. at the Hard Rock Hotel & Casino in Catoosa,

Oklahoma. Project H.E.A.R.T. offered to provide Ms. Ward with a standard hotel room for one night. Instead, Ms. Ward's ACCO credit card was used to purchase a two-night stay in a suite for a total cost of \$445.58.

- While attending the Public Risk Management Association (PRIMA) conference in June 2014, Ms. Ward incurred room-upgrade charges totaling \$92 in addition to an increased room rate of \$279 per night. If her room had been booked using the conference's original room rate of \$199 per night, and without upgrades, ACCO would have paid \$412 less than was incurred.
- Frequently, ACCO executive board members spend the night in Oklahoma City the evening before a board meeting, at the expense of ACCO. For the period reviewed, a total of \$4,165.76 was expended for such hotel stays.
- During the PRIMA conference in June 2014, an ACCO employee incurred a \$250 fee for allegedly smoking in the hotel room. ACCO was not reimbursed for this expense.

Meal Expense

- The ACCO board and the ACCO-SIG/SIF board meet monthly. Former Executive Director Ward regularly provided meals to the ACCO executive board and, on occasion, members of the ACCO-SIG/SIF board the evenings before board meetings. On two occasions, OCCEDB's Executive Director Randy Robinson's ACCO credit card was used to pay for these dinners.

During the time-frame reviewed, board members were treated to meals on 23 occasions for a total of \$7,670.27. Shown is an example of a receipt from such a dinner at Juniors Supper Club.

Miscellaneous Charges

- ACCO provided its executive director with use of a 2013 Chevrolet Tahoe. For this vehicle, Gayle Ward's ACCO credit card was used three times to purchase Sirius XM satellite radio subscriptions between March 2014 and January 2015 for a total of \$199.08.

- ACCO purchased at least two concurrent Amazon Prime annual memberships, one by the office manager and one by the office administrative assistant.
- Ms. Ward’s ACCO credit card was used to purchase \$87.61 worth of Pilates exercise equipment on January 24, 2015, from Burlington Coat Factory. The equipment was coded for accounting purposes as “office supplies”.
- While at a National Council of County Association Executives (NCCAE) conference in Washington, D.C. in January 2015, Ms. Ward’s ACCO credit card was used to purchase \$140.00 worth of souvenirs from the White House gift shop.
- During the same trip, Ms. Ward’s ACCO credit card was used to purchase \$90.93 of NCCAE gifts. These gifts included copies of the Constitution and baseballs with Washington D.C. themes.



Finding

Some of the gifts, prizes and transactions noted above were not reported to the employees or board members in violation of IRS Guidelines.

IRS Guidelines state that gifts of clothing not required as a condition of employment, cash or cash equivalent awards such as gift cards, gift certificates, non-cash prizes won by employees from random drawings at employer sponsored events and large gifts not considered nominal in nature are considered taxable income by the IRS.

Although the board members of ACCO and ACCO-SIG/SIF are not directly *employed* by the organizations, the IRS considers the members of a board of directors of an entity as employees for purposes of reporting working condition fringe benefits.¹⁴

Finding

Credit card reward points are earned via ACCO-SIG and ACCO-SIF purchases, and the use of points was not addressed in policy and was not documented or monitored.

¹⁴ 26 CFR § 1.132-1

ACCO's credit card account earns points from credit card purchases. ACCO redeems those points for Visa debit cards. Since the Executive Director's name serves as the primary account name, the debit cards are issued in the name of the Executive Director, and not to ACCO as an entity.

The redemption of credit card points was not addressed in the ACCO employee handbook. ACCO does not retain records of redemptions or document the recipients of the debit cards. According to ACCO employees, debit cards have been used for petty-cash needs, as gifts, and as giveaways/awards.

OTHER ISSUES

Finding **ACCO employees receive health insurance through the Oklahoma Public Employees Health and Welfare Plan (OPEHW), even though they are not public employees.**

Fifteen Oklahoma counties formed OPEHW as a public trust under the Interlocal Cooperation Act and the Governmental Tort Claims Act.

The Interlocal Cooperation Act allows “public agencies” to “enter into agreements with one another for joint or cooperative action”. The Act defines “public agencies” as political subdivisions, state or federal agencies, Oklahoma public trusts, or non-profit corporations organized for the primary purpose of developing and providing rural water supply and sewage disposal facilities to serve rural residents or to provide community-based services or assistance to clients of the Department of Mental Health and Substance Abuse Services.

OPEHW’s executive board is comprised of 14 elected county officials and one non-county representative who hold public meetings at ACCO’s building. As of 2014, other members besides ACCO included 32 counties; six county circuit engineering districts; four councils of local governments, whose members include counties; and nine other county-affiliated organizations.

ACCO officials entered into an Interlocal Government Agreement as a “Governmental Agency” in October 2006 in order to further apply as a participant in the OPEHW Plan. Following acceptance of the Interlocal Agreement, ACCO completed and signed the “Employer Participation Agreement” which stated:

As a Governmental Entity subscribing to the Inter-Local Governmental Agreement sponsoring the Oklahoma Public Employees Health & Welfare Plan, the undersigned hereby applies to participate in the Oklahoma Public Employees Health & Welfare Plan and agrees to be bound by the terms and conditions of the Plan Documents, as amended, under Title 51 of the Oklahoma Code. The undersigned also accept and understand the requirements as follows:

It appears ACCO is participating in the OPEHW Plan as a “Governmental Entity” in violation of plan agreements.

Finding **ACCO did not report appropriate fringe-benefit amounts for the Executive Director’s vehicle usage to the Internal Revenue Service.**

ACCO provided a vehicle for use by Gayle Ward, ACCO’s former Executive Director. The ACCO employee handbook did not address the use of this vehicle, and no mileage log differentiating between personal and business mileage was made available for review.

The IRS requires that separate records for business and personal mileage be maintained, and if such records are not provided by the employee to the place of business, then the value of all use of the vehicle should be considered wages to the employee.

According to ACCO’s former accountant, Ms. Ward was provided information concerning the IRS’s requirements regarding personal use of work vehicles; however, mileage logs were not provided.

In lieu of a mileage log, ACCO reported the vehicle use by Ms. Ward to the IRS at the *de minimus* commuter rate of \$3 per day. Reporting such an amount does not account for any personal use of a vehicle, as the \$3 per day rate is based on commuting for work purposes only.

ACCO reported a total value of \$741 to the IRS in 2014 for Ms. Ward’s vehicle use. This amount was calculated as follows:

1. \$3 per day x five days per week = \$15 per week
2. \$15 per week x 52 weeks = \$780
3. \$780 - \$39 (\$3 per day x 13 ACCO holidays) = \$741 reported to the IRS

Although Ms. Ward utilized the ACCO vehicle for any purpose, business or personal, no additional income beyond the *de minimus* amount of \$741 was reported to the IRS in 2014.

Finding **ACCO made donations to, and spent funds for, an entity that is controlled by spouses of county commissioners.**

“ACCO Ladies” is an organization comprised of spouses of county commissioners of Oklahoma that operates from donations. The ACCO Ladies represents itself as a not-for-profit organization, but no record of such filing was noted.

Annually, ACCO makes a donation to the ACCO Ladies of \$1,200. Between 2009 and 2014, ACCO donated a total of \$8,400 to the ACCO Ladies organization.

In addition to the donations provided to the ACCO Ladies, the following purchases totaling \$714.76 were made using ACCO-issued credit cards on behalf of the ACCO Ladies in 2013 and 2014:

Date	Amount	Vendor	Description
10/09/14	\$157.10	Kirklands	Prizes ACCO Ladies
10/15/13	\$132.02	Kirklands	ACCO Ladies-CMAS Lantern, etc.
10/16/13	\$326.00	Red Carpet Charters	ACCO Ladies/ Transportation
10/25/13	\$99.64	Hobby Lobby	ACCO Ladies-“Christmas”, etc.
Total	\$714.76		

ADDENDUM 1

D. ACCO ALSO WILL NOT PAY FOR:

1. Items that are part of a law firms "doing business", or more commonly referred to as fixed office overhead, including but not limited to, secretarial work, extra help, overtime, meals, routine messenger service, postage, typing or word processing and local telephone calls.
2. Office rental space and equipment nor the accompanying utilities and normal creature comforts associated with occupied office accommodations.
3. Administrative salaries and costs or educational training, including material.
4. Fees for paralegals performing secretarial and clerical responsibilities.
5. Investigative services, including travel, that can be performed by Claims Adjusters.
6. Attorney fees for tasks that are usually performed by secretaries, paralegals or law clerks.
7. Overtime meals when performing tasks in the "local" jurisdiction.
8. Basic office supplies, books, publications or binding charges.
9. Expenses for evaluating possible conflicts in an assignment; nor fees or costs to open and close the file.
10. Staff changes necessitating file reviews.
11. Unnecessary document revisions since payment is already being made for a professional production.
12. Multiple attorneys, clerks or paralegals working in-house on the same case or attending depositions, interviews, court appearances or trials; Except: as provided for in the "Joint Input" section of this litigation management program.
13. In-house memorandums on conferences that are not strategic in nature since these are internal built-in costs to do business. If an in-house conference is necessary, then only the senior attorney's billing rate should be submitted.
14. Unexplained or ambiguous tasks or functions.
15. Unnecessary or non-approved legal research.
16. Excessive and repeated review and re-work of associates and paralegals work products, including premature reviews in preparation for trial.
17. "Shotgun Motions" that are multitudinous and not necessary to the agreed plan of action between counsel and the Claims Adjuster.

ADDENDUM 2

Said Corporation is organized exclusively to coordinate the respective county offices of this State for the purpose of improving and upgrading county government for the benefit of the general public and for charitable, educational and scientific purposes, including, for such purposes, in addition to the following enumerated purposes, the making of distributions to organizations that qualify under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended:

1. To assist County Governments in lessening the burdens of government by cooperating with federal, state and local agencies.
2. To provide research and research support to County Governments.
3. To provide assistance to County Governments in performing the functions delegated by law including but not limited to the erection and maintenance of public works.
4. To conduct public discussion groups, forums, panels, lectures and other similar programs.
5. To present courses of instruction by correspondence and television.
6. To obtain, develop and present scientific and all other types of information relative to the operation of County Government relating to central and intergovernmental relations, public facilities, public records, taxes and money management, health and safety, legal system, employment and human resources, school and libraries, agriculture and conservation.
7. Notwithstanding any other provisions of these Articles, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this Corporation.

ACCO, ACCO-SIG, ACCO-SIF
INVESTIGATIVE AUDIT
DATE OF RELEASE: FEBRUARY 29, 2016

ADDENDUM 3

Discount received from CompSource for paying premium within 45 days from inception date - Portions attributable to ACCO-SIF's members

Member	FY13	FY14	FY15	Member	FY13	FY14	FY15
Adair County	\$ 690	\$ 721	\$ 736	Noble County	\$ 1,467	\$ 1,476	\$ 1,506
Alfalfa County	\$ 674	\$ 729	\$ 810	Nowata County	\$ 1,233	\$ 1,266	\$ 1,381
Atoka County	\$ 2,101	\$ 2,337	\$ 2,597	Okfuskee County	\$ 1,195	\$ 1,221	\$ 1,246
Beaver County	\$ 842	\$ 879	\$ 897	Okmulgee County	\$ 3,472	\$ 3,830	\$ 4,179
Beckham County	\$ 647	\$ 669	\$ 743	Osage County	\$ 3,559	\$ 3,694	\$ 3,918
Blaine County	\$ 1,735	\$ 1,748	\$ 1,783	Ottawa County	\$ 2,025	\$ 2,071	\$ 2,113
Bryan County	\$ 3,281	\$ 3,604	\$ 3,822	Pawnee County	\$ 1,019	\$ 1,080	\$ 1,189
Caddo County	\$ 1,803	\$ 1,881	\$ 2,091	Payne County	\$ 2,302	\$ 2,402	\$ 2,548
Canadian County	\$ 6,771	\$ 6,982	\$ 7,123	Pittsburg County	\$ 2,952	\$ 2,982	\$ 3,043
Carter County	\$ 3,625	\$ 3,708	\$ 3,783	Pontotoc County	\$ 1,657	\$ 1,686	\$ 1,721
Cherokee County	\$ 2,871	\$ 2,895	\$ 2,954	Pottawatomie County	\$ 2,255	\$ 2,473	\$ 2,748
Choctaw County	\$ 723	\$ 800	\$ 889	Pushmataha County	\$ 1,233	\$ 1,360	\$ 1,511
Cimarron County	\$ 1,272	\$ 1,342	\$ 1,369	Roger Mills County	\$ 1,188	\$ 1,309	\$ 1,441
Cleveland County	\$ 4,198	\$ 4,347	\$ 4,743	Rogers County	\$ 4,335	\$ 4,625	\$ 4,906
Coal County	\$ 750	\$ 844	\$ 938	Seminole County	\$ 1,815	\$ 2,019	\$ 2,243
Comanche County	\$ 5,592	\$ 5,744	\$ 5,860	Sequoyah County	\$ 2,729	\$ 2,817	\$ 2,873
Cotton County	\$ 1,343	\$ 1,491	\$ 1,657	Stephens County	\$ 2,883	\$ 3,000	\$ 3,061
Craig County	\$ 1,945	\$ 1,991	\$ 2,031	Texas County	\$ 2,670	\$ 2,676	\$ 2,811
Creek County	\$ 4,221	\$ 4,357	\$ 4,533	Tillman County	\$ 1,342	\$ 1,354	\$ 1,381
Custer County	\$ 1,434	\$ 1,449	\$ 1,581	Wagoner County	\$ 2,939	\$ 3,001	\$ 3,183
Delaware County	\$ 2,491	\$ 2,572	\$ 2,624	Washington County	\$ 1,490	\$ 1,577	\$ 1,609
Dewey County	\$ 1,188	\$ 1,245	\$ 1,321	Washita County	\$ 2,250	\$ 2,365	\$ 2,627
Ellis County	\$ 1,290	\$ 1,414	\$ 1,500	Woods County	\$ 841	\$ 855	\$ 873
Garfield County	\$ 2,203	\$ 2,279	\$ 2,487	Woodward County	\$ 1,695	\$ 1,721	\$ 1,522
Garvin County	\$ 3,991	\$ 4,038	\$ 4,120	Call-A-Ride Public Transit Authority	\$ 210	\$ 182	\$ 183
Grady County	\$ 4,222	\$ 4,220	\$ 4,306	Cherokee County Dentention Center Authority	\$ 556	\$ 564	\$ 494
Grant County	\$ 1,194	\$ 1,216	\$ 1,204	Circuit Engineering District #2	\$ 13	\$ 18	\$ 20
Greer County	\$ 855	\$ 890	\$ 944	Circuit Engineering District #3	\$ 13	\$ 17	\$ 20
Harmon County	\$ 735	\$ 736	\$ 750	Circuit Engineering District #4	\$ 75	\$ 83	\$ 88
Harper County	\$ 478	\$ 537	\$ 597	Circuit Engineering District #5	\$ 14	\$ 15	\$ 15
Haskell County	\$ 1,829	\$ 1,824	\$ 1,861	Circuit Engineering District #6	\$ 12	\$ 12	\$ 12
Hughes County	\$ 1,313	\$ 1,330	\$ 1,356	Circuit Engineering District #7	\$ 94	\$ 115	\$ 125
Jackson County	\$ 1,633	\$ 1,632	\$ 1,665	Circuit Engineering District #8	\$ 66	\$ 68	\$ 54
Jefferson County	\$ 1,461	\$ 1,500	\$ 1,531	Comanche County Facilities Authority	\$ 854	\$ 893	\$ 947
Johnston County	\$ 1,220	\$ 1,281	\$ 1,359	Comanche County Fairgrounds Trust Authority	\$ 258	\$ 274	\$ 304
Kay County	\$ 3,325	\$ 3,373	\$ 3,441	Delaware County Solid Waste Trust Authority	\$ 1,070	\$ 1,072	\$ 1,137
Kingfisher County	\$ 3,126	\$ 3,205	\$ 3,399	Delaware County 911 Trust Authority	\$ 29	\$ 30	\$ 31
Kiowa County	\$ 1,683	\$ 1,779	\$ 1,958	Grady County Criminal Justice Authority	\$ 1,285	\$ 1,422	\$ 1,509
Latimer County	\$ 1,580	\$ 1,593	\$ 1,518	Hughes County Emergency Medical Service	\$ 635	\$ 636	\$ 675
Leflore County	\$ 3,483	\$ 3,637	\$ 3,480	Kay County Justice Facilities Authority	\$ 701	\$ 724	\$ 768
Lincoln County	\$ 2,803	\$ 2,919	\$ 3,096	Latimer County Solid Waste Authority	-	-	\$ 464
Logan County	\$ 2,035	\$ 2,236	\$ 2,484	Leflore County Solid Waste Authority	-	-	\$ 731
Love County	-	-	\$ 1,981	McCurain County Public Health Management Authority	\$ 861	\$ 838	\$ 871
Major County	\$ 528	\$ 524	\$ 535	McIntosh County 911 Trust Authority	\$ 5	\$ 6	\$ 6
Marshall County	\$ 1,484	\$ 1,506	\$ 1,674	Muskogee County Emergency Medical Service	\$ 1,479	\$ 1,632	\$ 1,813
Mayes County	\$ 2,292	\$ 2,354	\$ 2,592	Oklahoma Environmental Management Authority	\$ 1,205	\$ 1,290	\$ 1,407
McClain County	\$ 1,992	\$ 2,059	\$ 2,100	Okmulgee County Jail Trust Authority	\$ 616	\$ 662	\$ 703
McCurain County	\$ 3,162	\$ 3,260	\$ 3,326	Pottawatomie County Public Safety Center Trust Authority	\$ 1,936	\$ 2,015	\$ 2,036
McIntosh County	\$ 1,902	\$ 1,958	\$ 1,998	Woodward County Solid Waste Authority	-	-	\$ 325
Murray County	\$ 1,008	\$ 1,032	\$ 1,053	Woodward County Emergency Medical Service	-	-	\$ 397
Muskogee County	\$ 3,189	\$ 3,442	\$ 3,755				
					\$ 106,212	\$ 110,110	\$ 116,953

ADDENDUM 4

Surcharges received from ACCO-SIF's members for paying premiums via two payments

Member	FY13	FY14	FY15
Beckham County	\$ 1,263.03	-	\$ 1,432.38
Caddo County	\$ 3,517.23	\$ 3,662.82	\$ 4,029.12
Choctaw County	\$ 1,411.11	\$ 1,557.24	\$ 1,713.00
Grant County	\$ 2,329.74	-	-
Haskell County	\$ 3,568.32	\$ 3,550.26	\$ 3,585.78
Jefferson County	\$ 2,850.48	-	-
Leflore County	\$ 6,794.85	\$ 7,081.32	\$ 6,706.32
Lincoln County	\$ 5,469.33	\$ 5,682.84	\$ 5,967.00
McCurtain County	\$ 6,169.86	\$ 6,345.66	\$ 6,409.14
Muskogee County	\$ 6,222.93	\$ 6,700.08	\$ 7,236.12
Okmulgee County	\$ 6,774.06	\$ 7,456.80	\$ 8,053.38
Pittsburg County	\$ 5,760.48	\$ 5,806.20	\$ 5,864.28
Pushmataha County	\$ 2,406.57	\$ 2,647.26	\$ 2,911.98
Sequoyah County	\$ 5,325.33	\$ 5,483.10	\$ 5,537.94
Tillman County	\$ 2,618.79	\$ 2,635.74	\$ 2,662.08
Call-A-Ride Public Transit Authority	\$ 422.97	-	-
Comanche County Facilities Authority	-	-	\$ 1,880.64
Delaware County Solid Waste Trust Authority	\$ 2,087.13	\$ 2,087.16	\$ 2,191.56
Delaware County 911 Trust Authority	-	\$ 59.10	-
Hughes County Emergency Medical Service	-	\$ 1,275.54	-
McCurtain County Public Health Management Authority	\$ 1,679.49	\$ 1,679.52	\$ 1,679.52
Oklahoma Environmental Management Authority	\$ 2,351.13	\$ 2,586.24	\$ 2,793.18
TOTAL PAID BY MEMBERS TO ACCO-SIF:	\$ 69,022.83	\$ 66,296.88	\$ 70,653.42
TOTAL PAID BY ACCO-SIF TO ACCO:	\$69,021.65	\$66,299.00	\$70,653.39

NOTE: The totals for the three years do not equal what ACCO-SIF gave to ACCO because of rounding differences between ACCO and OSAI.

DISCLAIMER

In this report, there may be references to state statutes and legal authorities which appear to be potentially relevant to the issues reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose, or intent by the issuance of this report to determine the guilt, innocence, culpability, or liability, if any, of any person or entity for any act, omission, or transaction reviewed. Such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.



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