

BOSWELL PUBLIC WORKS AUTHORITY
CHOCTAW COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2004 THROUGH SEPTEMBER 30, 2005

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

August 8, 2006

Honorable Virginia Sanders
District Attorney, District No. 17
108 N. Central
Idabel, Oklahoma 74745

Transmitted herewith is the Special Audit Report of the Boswell Public Works Authority, Choctaw County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(H)**.

A report of this type is critical in nature; however, we do not intend to imply that our report failed to disclose commendable features in the present accounting and operating procedures of the Authority.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to insure a government, which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,

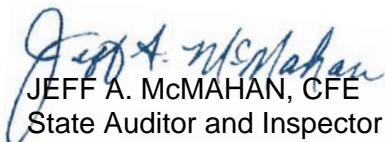

JEFF A. McMAHAN, CFE
State Auditor and Inspector

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CURRENT BOARD OF TRUSTEES

Buck Eastwood Chairman
Travis Cress Trustee
Dwight Harrison Trustee
Rick Dietrich Trustee
Jane Haltom Trustee

BOARD OF TRUSTEES DURING AUDIT PERIOD

Justin Beddo January 2004 through November 2004
Buck Eastwood January 2004 through present
Danny Walker January 2004 through July 2004
Joan Edge January 2004 through April 2005
Tim Harless January 2004 through February 2004
Gene Honeycut February 2004 through 2004
Jerry Lane August 2004 through April 2005
Mike Renick August 2004 through April 2005
Mack Goodwin February 2005 through September 2005
James (Rusty) Hamon April 2005 through September 2005
Travis Cress April 2005 through September 2005
Quinton West April 2005 through September 2005
Rhonda Hamon Utility Billing Clerk
January 2004 through October 11, 2005



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Mr. Buck Eastwood, Chairman
Boswell Public Works Authority
P.O. Box 478
Boswell, Oklahoma 74727

Dear Mr. Eastwood:

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. 2001, § 212(H)**, we performed a special audit with respect to the Boswell Public Works Authority, Choctaw County, for the period January 1, 2004 through September 30, 2005.

The objectives of our special audit primarily included but were not limited to, the areas noted in the District Attorney's request. Our findings and recommendations related to these procedures are presented in the accompanying report.

Because the above 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 the Boswell Public Works Authority for the period January 1, 2004 through September 30, 2005. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Authority taken as a whole.

This report is intended solely for the information and use of the District Attorney and the Boswell Public Works Authority Administration and should not be used for any other purpose. This report is also a public document pursuant to the **Oklahoma Open Records Act (51 O.S. 2001, § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

Sincerely,


JEFF A. McMAHAN, CFE
State Auditor and Inspector

July 20, 2006

INTRODUCTION

The Boswell Public Works Authority is a public trust established under **60 O.S. 2001, § 176** *et seq.*

The State Auditor and Inspector conducted a special audit of the records of the Boswell Public Works Authority, primarily those records relating to the District Attorney's concerns. The results of the special audit are in the following report.

CONCERNS, FINDINGS AND RECOMMENDATIONS

CONCERN: *Possible irregularities in utility payments and deposits.*

FINDING: We obtained the receipts for the Boswell Public Works Authority (the Authority) utility payments, which consisted of billing stubs that were stamped “paid” and handwritten receipts. The receipts were entered into a database on a monthly basis for the period January 1, 2004 through October 11, 2005. The database included the customer’s account number, date paid, and the type of payment (check or cash).

The database information was sorted by payment date and then account number and compared to the posting journal report. The posting journal report was generated by the date of the deposit from the utility billing program which showed the customer’s account number, name, amount, date paid, and type of payment. The total amount on the posting journals agreed to the amounts deposited per the bank statements.

Cash compositions were performed for all receipts during our audit period, we noted totals, per the receipts, were greater than the amounts deposited; concluding that all money collected was not deposited into the Authority’s bank account. The following schedule reflects the total per month that was collected, but not deposited.

Date	Check	Cash
January 2004	\$ 61.08	\$ 2,215.52
February	(113.49)	3,898.36
March	308.08	2,169.89
April	0.00	684.98
May	(5.78)	3,214.04
June	37.73	2,396.88
July	161.53	3,679.58
August	41.06	2,807.35
September	38.82	3,476.51
October	61.85	3,710.15
November	19.93	3,096.06
December 2004	(26.01)	2,839.86
January 2005	(4.79)	4,328.73
February	(38.50)	5,121.24
March	331.77	3,560.67
April	(0.05)	3,964.66
May	(0.10)	3,163.46
June	138.65	2,236.95
July	53.63	3,922.68
August	29.20	1,040.75
September	(4.81)	3,369.71
October 11, 2005	20.40	2,093.26
Total	\$ 1,110.20	\$ 66,991.29

We noted a total of \$68,101.49 collections received which were not deposited. Of this amount, \$66,991.29 was “cash” received for utility payments.

During an interview with a former billing clerk, she stated, "don't know what to tell you" and "don't have an explanation for it" when she was asked about the money that was collected and not deposited. The \$68,101.49 is missing and has not been deposited. **21 O.S. 2001, § 341** states:

"Every public officer of the state or any county, city, town, or member or officer of the Legislature, and every deputy or clerk of any such officer and every other person receiving any money or other thing of value on behalf of or for account of this state or any department of the government of this state or any bureau or fund created by law and in which this state or the people thereof, are directly or indirectly interested, who either:

First: Receives, directly or indirectly, any interest, profit or perquisites, arising from the use or loan of public funds in the officer's or person's hands or money to be raised through an agency for state, city, town, district, or county purposes; or

Second: Knowingly keeps any false account, or makes any false entry or erasure in any account of or relating to any moneys so received by him, on behalf of the state, city, town, district or county, or the people thereof, or in which they are interested; or

Third: Fraudulently alters, falsifies, cancels, destroys or obliterates any such account, shall, upon conviction, thereof, be deemed guilty of a felony and shall be punished by a fine of not to exceed Five Hundred Dollars (\$500.00), and by imprisonment in the State Penitentiary for a term of not less than one (1) year nor more than twenty (20) years and, in addition thereto, the person shall be disqualified to hold office in this state, and the court shall issue an order of such forfeiture, and should appeal be taken from the judgment of the court, the defendant may, in the discretion of the court, stand suspended from such office until such cause is finally determined."

Historical payment data for customers had been deleted from the computer system, which appears to be a violation of **21 O.S. Supp. 2002, § 1953**, which states:

"A. It shall be unlawful to:

1. Willfully, and without authorization, gain or attempt to gain access to and damage, modify, alter, delete, destroy, copy, make use of, disclose or take possession of a computer, computer system, computer network or any other property:

B. Any person convicted of violating paragraph 1 ... of subsection A of this section shall be guilty of a felony[.]"

We compared deposits by check and cash, and the total for the period from November 2004 through March 2005 to those for the period from November 2005 through March 2006 to document the fluctuation of payments received and deposited after the former utility billing clerk resigned. During the five (5) months the billing clerk was employed, the total utility collections deposits was \$55,888.86 and the five (5) months subsequent to her resignation, the total deposits were \$74,449.05. The total checks deposited decreased \$820.96 and the cash deposited increased \$19,381.15 for a net increase of \$18,560.19. See **Attachments** for comparisons by month, check, cash, and total deposits.

RECOMMENDATION: We recommend the District Attorney review our finding to determine further action necessary.

FINDING: The Boswell Public Works Authority requires a seventy-five dollar (\$75.00) deposit for all new water customers. A handwritten receipt is issued to the individual and the money received is deposited into the "water meter dept" account. The duplicate receipts maintained by the Authority were torn out of the receipt book and placed into the customer's file. A total of one

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hundred twenty-nine (129) receipts were issued from January 1, 2004 through October 11, 2005, of which all except two (2) had the signature of the former utility billing clerk as the individual who received the money.

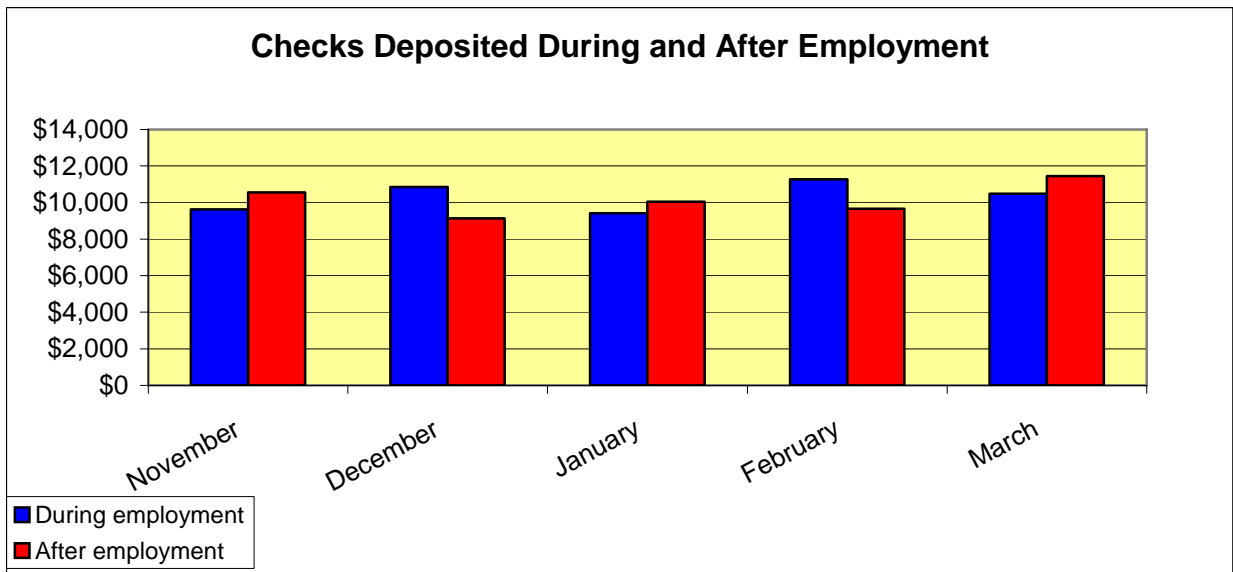
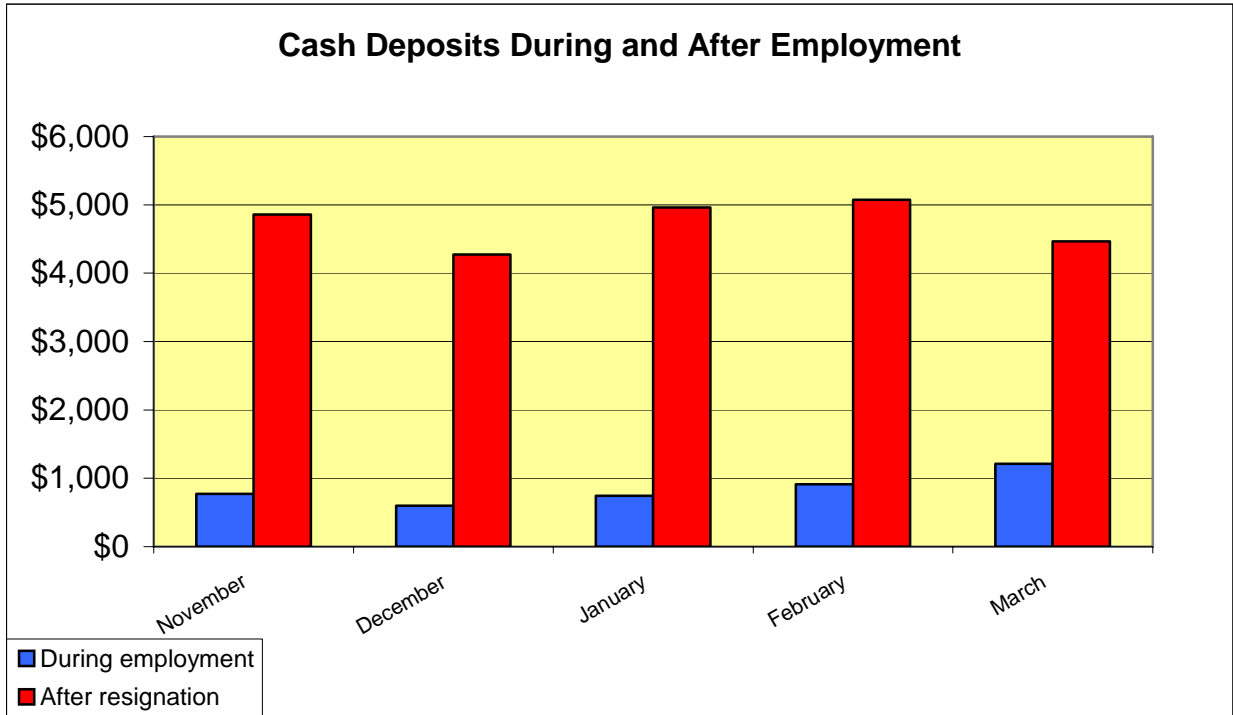
Also, we noted four (4) deposits that were not supported by a receipt. The name and amount listed on the duplicate receipts were verified to the deposit slips in the bank statements. We noted that deposits for checks received were one hundred fifty dollars (\$150.00) more than the receipts and the total deposits for cash received were \$5,912.05 less than the amount receipted. The following schedule reflects the amount of collections, by month, checks, and cash, received but not deposited.

Date	Checks	Cash
January 2004	\$ -	\$ 150.00
February	-	225.00
March	-	-
April	-	150.00
May	-	225.00
June	-	225.00
July	-	225.00
August	-	150.00
September	-	150.00
October	-	525.00
November	-	375.00
December 2004	-	525.00
January 2005	-	225.00
February	-	225.00
March	(75.00)	675.00
April	-	300.00
May	(75.00)	362.05
June	-	150.00
July	-	450.00
August	-	225.00
September	-	300.00
October 11, 2005	-	75.00
Total	\$(150.00)	\$5,912.05

We noted a net amount of \$5,762.05 cash was received by the former utility billing clerk which was not deposited, and appears to be in violation of **21 O.S. 2001, § 341** cited above.

RECOMMENDATION: We recommend the District Attorney review our finding to determine further action necessary.

ATTACHMENT



ATTACHMENT

