

**BOYNTON-MOTON  
SCHOOL  
DISTRICT (I-4)**

**MUSKOGEE  
COUNTY,  
OKLAHOMA**

**JULY 1, 2007 THROUGH  
DECEMBER 31, 2009**



**SPECIAL  
AUDIT**



Oklahoma State Auditor  
& Inspector

**BOYNTON-MOTON SCHOOL DISTRICT (I-4)**

**MUSKOGEE COUNTY, OKLAHOMA**

**SPECIAL AUDIT REPORT**

**JULY 1, 2007 THROUGH DECEMBER 31, 2009**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

January 6, 2011

Honorable Larry D. Moore  
District Attorney, District 15  
220 State Street  
Muskogee, OK 74401

Transmitted herewith is the Special Audit Report of the Boynton-Moton Independent School District, Boynton, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(H)**.

A report of this type tends to be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

**BOYNTON-MOTON INDEPENDENT SCHOOL DISTRICT  
MUSKOGEE COUNTY, OKLAHOMA  
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**BOYNTON-MOTON SCHOOL DISTRICT**

**BOARD OF EDUCATION**

**AS OF DECEMBER 31, 2009**

Angela Jackson ..... President  
Albert Cherry ..... Member  
Leonard Walker ..... Member  
Robert Lang ..... Member  
Eugene Newton ..... Member  
Lynetta Jackson ..... Member  
Rickey Lee ..... Member

**SUPERINTENDENT**

Dr. Shelbie Williams

**BUSINESS MANAGER**

Rita Lawson

# STATE AUDITOR AND INSPECTOR

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Board of Education  
Boynton-Moton Independent School District  
Boynton Public Schools  
115 S. Cardinal  
Boynton, OK 74422

Dear Members:

Pursuant to the District Attorney request and in accordance with the requirements of **74 O.S. 2001, § 212(H)**, we performed a special audit with respect to the Boynton-Moton School District, Boynton, Oklahoma, for the period July 1, 2007 through December 31, 2009.

The objectives of our special audit primarily included, but were not limited to, the areas noted in the District Attorney 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 Boynton-Moton School District for the July 1, 2007 through December 31, 2009. 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 does not extend to any financial statements of the Boynton-Moton School District taken as a whole.

This report is intended solely for the information and use of the District Attorney 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,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

January 6, 2011

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**INTRODUCTION**

The Boynton-Moton School District (I-4) is part of the Oklahoma State System of Public Education as described in **70 O.S. § 1-101 *et seq.***, the **Oklahoma School Code**. The Board of Education (“Board”) of the Boynton-Moton School District (“District”) is responsible for the supervision, management, and control of the District as provided for in **70 O.S. § 5-117**. Both the Board of Education and the District are subject to the provisions of the **Oklahoma School Code**.

The District is audited annually by private independent auditors and those prior audit reports were available for our review.

The Office of the State Auditor and Inspector conducted a special audit of the records of the District, primarily those records relating to concerns expressed by the District Attorney in his request.

The results of the special audit are in the following report.

**BOARD OF TRUSTEES FIDUCIARY RESPONSIBILITY**

The Board has an obligation to act in the best interest of the District as a whole. This fiduciary responsibility requires that all funds belonging to the District be handled with scrupulous good faith and candor. Such a relationship requires that no individual shall take personal advantage of the trust placed in him or her.

When the Board accepts responsibility to act in a fiduciary relationship, the law forbids them from acting in any manner adverse or contrary to the interest of the District. Further, the Board has a fiduciary responsibility to perform all statutory duties in maintaining accurate, complete, and reliable records for the District.

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**BACKGROUND**

One of the concerns expressed to us early in our audit was that the school did not appear to have sufficient funding to pay obligations through the remainder of the fiscal year. When we reviewed the meeting minutes for the District's Board of Directors, we found similar concerns had been discussed during school board meetings as far back as 2008. The meeting minutes included:

July 31, 2008, meeting minutes:

Ms. Lawson presented an overview of the financial status of the district for the 08-09 school year reflecting an approximate \$160,000.00 cut from last year.

December 9, 2008, meeting minutes:

Presentation – Kerry Patten reported on the financial status of the district stating that the way things look now we could face a negative \$28,277.21 balance at the end of the year.

March 10, 2009 meeting minutes:

The Board discussed its conversations with State Superintendent Sandy Garrett. Mr. Thompson stated the she was specific in saying we would be in the red if we attempted to operate a school next year the same as what he have this year.

The District's student enrollment has declined 33% from 108 students in 2007 to 72 in 2009. We reviewed OCAS reports available from the Department of Education website for the last three years and found the school's reported General Fund revenue has declined nearly 17% from \$1,344,000 to \$1,118,000<sup>1</sup>.

The district employed a new Superintendent Dr. Shelbie Williams in September 2009. The following month the Board began discussing reductions in salary, primarily reductions in "extra duty" payments provided to teachers.

Although the District's General Fund revenue has declined by nearly 17%, the District has managed to keep payroll levels at 90% of the 2007 level. This was accomplished, in part, because the District has had a cash carryover during the same three years.

The District's cash carryover amount for 2007, 2008, and 2009, was \$134,700, \$81,100, and \$69,900, respectfully. The District's ability to use the carryover

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<sup>1</sup> Based on reported new revenue. Does not include carry over balances.



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funds has helped the District avoid more extensive payroll cuts due, in part, to the continuing decline in student enrollment.

**I. OBJECTIVE**

Review contracts and payroll related payments to District employees.

**BACKGROUND**

The focus of this concern was to determine if employment contracts were being properly executed and to determine if the compensation being paid to school employees was proper and within the contract provisions.

**Oklahoma State Statutes 70 § 5-117** states, in relevant parts:

A. The board of education of each school district shall have power to:

. . .

14. Contract with and fix the duties and compensation of physicians, dentists, optometrists, nurses, attorneys, superintendents, principals, teachers, bus drivers, janitors, and other necessary employees of the district;

**Oklahoma State Statutes 70 § 6-101** states, in relevant parts:

Except as provided in subsection E of this section, no person shall be permitted to teach in any school district of the state without a written contract, except as provided herein for substitute teachers and except teachers of classes in adult education. Except as provided in subsection J of this section, the board of education of each school district, wherein school is expected to be conducted for the ensuing year, shall employ and contract in writing with qualified teachers for and in the name of the district. One copy of the contract shall be filed with the clerk of the board of education and one copy shall be retained by the teacher.

**FINDINGS**

We reviewed the contracts and meeting minutes for the District's teachers and employees and found, in many cases, the employees were being paid without contracts, were being paid based on unsigned and unapproved contracts, and were being paid in excess of contract amounts.

Because of the number of issues related to the District employee's contracts, we will address our findings for each school year.

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**Fiscal Year 2007-08**

We noted numerous contracts for District employees that contained no signatures or only the signatures of the District employee. These included:

- Superintendent James Christian’s contract providing for a \$36,000.00 annual salary and a \$700.00 monthly housing allowance was not dated and did not contain any signatures.
- Business Manager Rita Lawson’s base contract providing for an annual salary of \$44,273.00 was signed only by Lawson.
- Elementary School Principal Gary Calip’s contract providing for an annual salary of \$54,000.00 was signed only by Calip.

In some cases the District was unable to provide contracts supporting compensation being paid to District employees. The following are examples:

- Deshawn McCrary was hired in June 2008 to replace the outgoing elementary school principal. The District was unable to locate a contract supporting the payment of \$4,125.06 to McCrary.
- Raytosha Craft, a teacher, received compensation of \$39,331.29. The only contract the District could provide for Ms. Craft was an unsigned contract providing for substitute teaching services in the amount of \$6,000.00.
- Waylon Melton received compensation totaling \$16,494.52. The only contract the District was able to provide for Mr. Melton was an “extra duty” contract for coaching in the amount of \$6,000.00. The “extra duty” contract did not contain any signatures.
- Mildred Jones, a teacher, received compensation of \$37,798.14. The District was unable to provide a contract supporting the compensation.

Employee	Total
Candace Lang	\$1,800.00
Monica Cornelius	\$3,219.58
Stephanie Garrett	\$1,830.00
James Johnson	\$7,439.42
Francis Johnson	\$7,336.56
Lois Lowe	\$12,000.00
Martin Miller	\$12,000.10
<b>Total</b>	<b>\$45,625.66</b>

Additionally, we found combined compensation totaling \$45,625.66 had been paid to seven of the District’s support staff personnel although no contracts could be found.

Ten District employees were also being paid “extra duty” contracts with a combined total of \$39,550 for providing services such as coaching, cheerleader sponsor, academic bowl sponsor, and “Federal Programs Coordinator.” When we reviewed the ten contracts we found no District approval for the contracts. In one case, the “extra duty” contract did not contain any signatures.

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Extra Duty Contracts					
##	Employee	Amount	Purpose of Contract	Signed by Employee	Approval Signature
1	Shonika Breedlove	\$8,750.00	Coaching	Yes	No
2	Bobbie Brown	\$2,000.00	Lead Teacher	Yes	No
3	Jason Dowdy	\$7,000.00	Coaching	Yes	No
4	Ronald Foster	\$300.00	Academic Bowl Sponsor	Yes	No
5	Rita Lawson	\$7,000.00	Federal Programs Coordinator	Yes	No
6	Shartese McHenry	\$1,000.00	Student Council	Yes	No
7	Shartese McHenry	\$6,000.00	Coaching	Yes	No
8	Waylon Melton	\$6,000.00	Coaching	No	No
9	Valarie Ragsdale	\$1,000.00	Cheerleader Sponsor	Yes	No
10	Sequita Woodard	\$500.00	Awards Assembly Coordinator	Yes	No
		<b>\$39,550.00</b>			

A review of the compensation amounts actually paid to District employees found, in some cases, the employees were receiving compensation in excess of the amount listed on the unsigned contracts. We cite the following as examples:

- Bobby Brown's compensation amount according to the unsigned contracts totaled \$44,325.00. However, Brown received compensation totaling \$46,676.36, an overpayment of \$2,351.36.
- Sequita Woodard's compensation amount according to the unsigned contracts totaled \$41,975.00. However, Woodard received compensation totaling \$45,846.26, an overpayment of \$3,871.26.
- Gary Calip's compensation amount according to the unsigned contracts totaled \$54,000.00. However, Calip received compensation totaling \$56,864.54, an overpayment of \$2,864.54.
- Rita Lawson's compensation amount according to the unsigned contracts totaled \$51,273.00. However, Lawson received compensation totaling \$53,802.40, an overpayment of \$2,529.40.

Combined, these overpayments total \$11,616.56.

**Fiscal Year 2008-09**

The District provided us with two contracts for Superintendent James Christian. One contract appears to have been signed by five Board members while the second contract was signed by all seven members of the Board.

The second contract also contained an unsigned addendum to the contract as follows:

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The Board of Education voted on October 14, 2008, to approve an additional two hours with a dollar value of \$18,000.00 for the year to the Superintendent's salary. (Minutes attached)

The minutes for the October 14, 2008, meeting provide in relevant part:

It was motioned by Mr. Cherry and seconded by Mr. Thompson that they approve the Superintendent's Contract adding two additional hours as agreed upon and make the salary adjustment retroactive from July 1, 2008...

The Superintendent's contract provided for a base salary of \$36,000.00 and a housing allowance of \$700.00 per month. An addendum to the contract was made which increased the base salary by \$18,000.00. This resulted in a total annual contract for salary and housing allowance of \$62,400.00.

Although the meeting minutes indicate the Board was agreeing to some type of salary increase based on "adding two additional hours," there is no indication in the meeting minutes as to the dollar value of these "two additional hours." The \$18,000.00 amount only appears on the unsigned, undated contract addendum.

We interviewed the former Superintendent who said he was initially paid \$36,000.00 to work three hours a day. Later, according to the former Superintendent, the Board approved increasing that rate to five hours per day.

The Superintendent's contract does not indicate he is considered an hourly employee. During our interview we asked if he completed time sheets and he stated he did not.

Nonetheless, when we reviewed the actual compensation paid to the Superintendent we found he had been paid \$63,907.10 or \$1,507.10 more than the original contract and the two hour addendum combined. Moreover, on June 16, 2009, the Board voted to accept the Superintendent's resignation. After the Superintendent resigned he was paid an additional \$4,500.00 in July 2009.

According to District officials and the former Superintendent, the \$4,500.00 payment was for unused leave. The District has been unable to provide any supporting documentation for the payment.

The District provided us with a contract for Business Manager Rita Lawson. Despite providing signature lines for all seven Board members, only Lawson and Board Clerk Leonard Walker signed the contract.

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The contract states Lawson would be compensated \$44,273.00 for her services as the business manager for the district. During the year Lawson was paid \$54,331.28 or \$10,058.28 more than the contract amount and \$3,058.28 more than the previous year.

The District was unable to provide contracts for the following District employees paid during fiscal year 2008-09:

- Raytosha Craft, compensation amount: \$32,680.02.
- Eugene Brown, compensation amount: \$24,948.42.
- Tobi Ledbetter, compensation amount: \$28,583.18.
- Joe Mitchell, compensation amount: \$22,076.28

Contracts for six other District employees, not previously identified, bore no signatures from any Board members. Two additional contracts were signed by the District employees at the end of the school year and neither contract contained the signature of a Board member.

We reviewed the actual compensation amounts paid to the employees that the District was able to provide contracts for. We found in many cases, the employees were paid more than the amount indicated on the contracts. We cite the following as examples:

- Deshawn McCrary's contract provided a salary of \$55,000.00, but McCrary received \$63,035.23 or \$8,035.23 more than the contract amount.
- Bobbie Brown's contract provided a salary of \$42,325.00, but Brown received \$45,929.25 or \$3,604.25 more than the contract amount.
- Sequita Woodard's contract provided a salary of \$41,900.00, but Woodard received \$44,924.76 or \$3,024.76 more than the contract amount.

We should note the District Board's meeting minutes do reflect the Board's approval of adding \$2,000.00 to Woodard's contract for teaching 7<sup>th</sup> and 8<sup>th</sup> grade math although the meeting agenda indicates Woodard's \$2,000 increase was for an extra duty contract for "Awards Assembly/Oklahoma Honor Society" rather than the extra duty of teaching math.

Regardless, the District was unable to provide an actual contract for the \$2,000.00 "extra duty" increase and even if the District could provide an additional \$2,000.00 "extra duty" contract, Woodard would still have been paid \$1,024.76 more than the base and "extra duty" contract amounts.

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**Fiscal Year 2009-10**

The School's current Superintendent Dr. Shelbie Williams, was hired on September 8, 2009. The contract, providing a salary amount of \$36,000.00, was signed only by Dr. Williams. According to Dr. Williams, the Board of Education refused to sign her contract.

One specific concern we were asked to address was the payment of \$9,600.00 to the business manager during the first two months of the fiscal year 2010.

As the District's Business Manager, Rita Lawson, had a base salary of \$44,273.00 and two extra duty contracts. The base contract was signed by four of the school board members. It was not signed by Lawson or the Superintendent.

Lawson's first extra duty contract provided for \$5,000.00 for serving as "District Manager" was signed by Angela Jackson on behalf of the Board. It was not signed by Lawson or the Superintendent. The effective date for the contract was June 25, 2009.

The minutes for the June 25, 2009 Board meeting reflect the following:

It was motioned by Mr. Walker and seconded by Mrs. A. Jackson that they appoint Ms. Lawson as District Manager for forty-five (45) days.

The meeting minutes contain no indication of additional "extra duty" pay for appointing the District's "business manager" to also serve as the District's "district manager."

In July and August 2009, Lawson received five payroll payments totaling \$12,924.71. These payments appear to be compensation paid as a result of her base contract for serving as "Business Manager," the extra duty contract as "District Manager," and the extra duty contract for serving as "Federal Programs Director."

In addition, Lawson also received two mileage reimbursement payments of \$249.69 and \$220.46 during July 2009. We will address mileage reimbursements later in this report.

The contract for Deshawn McCrary provides for compensation of \$55,000.00. The \$55,000.00 amount was marked through and "\$62,000. SJW/Board of Education" was written in by hand. Attached to the contract was a note, "Board refused to sign wrong amount 12/9/2009." The contract was signed only by McCrary.

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The contract for Lynwood Wade dated August 4, 2009, provides for salary of \$31,975.00. Two “extra duty” contracts provide for an additional \$8,750.00 for “Boy’s Basketball Coach/Football” and \$2,875.00 for “Title 1 – Tutor.”

The payroll worksheet, reflecting the base pay and the pay from the two “extra duty” contracts included the following handwritten notation:

I was paid 3 months of extra duty for \$14400 it is on my pay stub. I am requesting in writing why my pay was cut. I do not agree with it. Before the beginning of the school year I had an oral contract for the pay I would return for 2009-2010 school year.

The base contract was signed by Wade and the Superintendent, but does not include any signatures of any members of the Board of Education. The “extra duty” contracts are signed only by the employee.

The District provided twenty contracts for District employees for the current school year. The twenty contracts included both base and “extra duty” contracts. Of the twenty contracts we found, thirteen of the contracts were either not signed by the employee or not signed by the Board or a member of the Board.

When the contracts, both base and extra duty, were considered per employee, we found the District only provided contracts for fourteen employees. When we reviewed payroll registers for the school for the current year, we found twenty employees had received compensation. We found, for example:

- Eugene Brown has received \$6,766.00 in payroll compensation although no contract could be provided.
- Mildred Jones has received \$16,010.40 in payroll compensation although no contract could be provided.
- Sequita Woodard has received \$18,135.41 in payroll compensation although no contract could be provided.

**PRIOR AUDITS**

The District’s independent audit report for 2006-07 included a finding related to contracts for District employees. The reported finding included:

Condition: In our audit testing of employee payroll/contracts we noted that several school district employees had received compensation in excess of contracted amounts during fiscal years 2006-07 for extra work at games. Another employee received an amount for an extra duty coaching assignment, no extra duty contract was found. Several contracts were not properly signed.

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Recommendation: The District is not authorized to pay employees any amount over their contract without specific approval by the Board evidenced by approval listed in the Board minutes or by another contract. Supporting documentation for hours worked should be available such as timesheets showing dates and times worked. A supervisor should sign the timesheet acknowledging the work was done and approved.

The audit included a response by the District stating “The Board of Education will implement the necessary procedures.”

The independent audit report for 2007-08 also included a finding related to contracts for District employees. The reported finding included:

Condition: In our audit testing of employee payroll/contracts, we noted that several school district employees had received compensation in excess of contracted amounts during fiscal years 2007-08. Contracts were not properly signed by Board members.

Recommendation: The District is not authorized to pay employees any amount over their contract without specific approval by the Board evidenced by approval listed in the Board minutes or by another contract. All contracts should contain the signature of the Board President and Clerk as well as the school employee.

The audit also included a response by the District stating “The Board of Education will implement the necessary procedures.”

**SUMMARY**

We have found similar conditions as those reported by the schools independent auditor for the last two years audited, 2006-07 and 2007-08. It appears the District has chosen to ignore the previous recommendations by their independent auditor and did not implement “the necessary procedures” to ensure compliance with Oklahoma State Law.

In many cases the District was unable to provide contracts; and in cases where contracts could be provided, they did not contain sufficient signatures for us to consider them as valid contracts to be used for auditing purposes.

Even when contracts (although unsigned) could be provided, we found the District employees were routinely being paid in excess of those contract amounts.

Because the District has failed to enter into and to maintain contracts with the District employees, we are unable to make any determinations as to the validity of payroll payments being made by the District.



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**RECOMMENDATIONS** We recommend the District review and implement the recommendations made by their independent auditor for the last two years in which audits have been performed. We also recommend the District maintain copies of all contracts, base and extra duty, for all District employees being paid. We further recommend that supporting documentation for hours worked, such as timesheets showing the dates and hours worked, be maintained. All timesheets should be approved by a supervisor acknowledging the work was performed and approved.

We recommend the District Attorney review these findings to determine what additional actions, if any, may be necessary.

**II. OBJECTIVE** Review general fund expenditures.

**FINDINGS** The District was unable to provide General Fund records for the 2007-08 school year. According to District Business Manager Rita Lawson, current Superintendent Dr. Shelbie Williams was responsible for the destruction of the records. Williams denies having destroyed the records. She states that not only did she not destroy the records, but she also did not even have access to the records. The records were locked up in Lawson's office, and Williams did not have a key.

**Oklahoma State Statutes 51 O.S. § 24A.4**, states:

In addition to other records which are kept or maintained, every public body and public official has a specific duty to keep and maintain complete records of the receipt and expenditure of any public funds reflecting all financial and business transactions relating thereto, except that such records may be disposed of as provided by law.

Because no records were available for us to review for 2007-08, we reviewed the schools independent audit reports for the 2007-08 school year to determine if reportable conditions existed with the District's financial records. The independent audit report included the following finding:

Condition: Our review of the school's purchase orders noted instances in which the invoice/claim, or other supporting documentation of the purchase order had not been signed by a school employee who received delivery of items purchased (or had knowledge of satisfactory completion of services rendered).



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In a published IRS guideline Topic 511, the IRS provides the following guide with regard to traveling from a home city to a work city:

Generally, your tax home is the entire city or general area where your main place of business or work is located, regardless of where you maintain your family home. For example, you live with your family in Chicago but work in Milwaukee where you stay in a hotel and eat in restaurants. You return to Chicago every weekend. You may not deduct any of your travel, meals, or lodging in Milwaukee because that is your tax home. Your travel on weekends to your family home in Chicago is not for your work, so these expenses are also not deductible. If you regularly work in more than one place, your tax home is the general area where your main place of business or work is located.

Based on the guide provided in IRS Topic 511, it appears the Superintendent's travel reimbursements from his home to the school are not deductible and may be considered a taxable fringe benefit.

During the 2007-08 school year, it appears Dr. Christian was reimbursed \$7,934.27 for travel related expenses. Since the District is unable to provide records for 2007-08, we are unable to determine the nature of these reimbursements.

During the 2008-09 school year, the District paid Dr. Christian \$7,532.11 for mileage reimbursements that appear to be for trips to and from his home and the school.

We reviewed the 12 claims submitted during the 2008-09 school year and found:

- Only one claim in the amount of \$327.84 actually included the purpose of the trip; however, the travel dates were not included and the claim was not signed or dated.
- Six (50%) of the claims were not signed.
- Three claims did not show how the miles were being calculated.
- Five claims showed the number of trips but did not provide the trip destination.

We also found similar issues with reimbursement claims submitted by Business Manager Rita Lawson. Between July 1, 2008 and December 31, 2009, Lawson submitted 18 travel claims and was reimbursed \$3,171.75. When we reviewed those claims, we found:

- Seventeen (94%) of the claims did not include the travel dates.

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- Destinations were often not shown or noted as “office depot” or “bank.”
- One claim was not signed.
- Although the mileage reimbursement form includes a field for the trip destination and purpose, the field was often left blank or included notations such as “trip OKC.”

The travel reimbursements, when signed, are only signed by the employee requesting the reimbursement. As such, it does not appear there is a review process for travel reimbursements.

**RECOMMENDATIONS** We recommend the District implement proper internal controls and policies to ensure that all District records and supporting documentation are maintained and available as required by state law.

We also recommend the District consult a tax professional to determine if the District should submit amended W-2 information for mileage reimbursements paid to the former Superintendent during the 2007-08 and 2008-09 school years. The District employee’s contracts should also include all fringe benefits paid to the employee.

We further recommend the Board institute travel claim reimbursement policies and forms which include the signature of an approving official who has reviewed the travel claim to ensure the claim includes sufficient information to determine the dates of travel, manner of calculating miles, and the official purpose of the trip.

We recommend the District Attorney review these findings to determine what additional actions, if any, may be necessary.

**III. OBJECTIVE**

Review activity fund receipts and deposits.

**BACKGROUND**

We were asked to review the District’s Business Manager’s involvement with activity fund expenditures and deposits. The District’s Business Manager has not been the activity fund custodian for the previous two years.

We reviewed the activity fund records and found the Business Manager has little involvement in the activity fund. The activity fund purchase orders were being approved by the principal/athletic director.

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The responsibility for the receipt and deposit of activity fund money has been delegated to the activity fund custodian and is not the responsibility of the Business Manager.

Although the Business Manager had little involvement in the activity fund, we performed a limited review of the activity fund expenditures. We judgmentally selected 16 expenditures and noted:

- Fourteen payments were made without an approving signature.
- Seven payments did not contain sufficient supporting documentation.

We also noted two purchase orders were issued for “change for ballgame.” The first purchase order was issued to Business Manager Rita Lawson in the amount of \$200.00. The second purchase order was issued to District Employee Candace Long for \$400.00. The District was unable to provide any documentation indicating these funds had been returned or had been accounted for.

Because the Business Manager had only limited involvement with the activity fund, we did not perform any additional testing.

**RECOMMENDATION** We recommend the District Attorney review these findings to determine what additional actions, if any, may be necessary.

**IV. OBJECTIVE** Review the circumstances surrounding the sale of a school owned house.

**BACKGROUND** One of the concerns expressed to us was that someone was living in a house that had been sold by the school, and the occupants were not making the payments to the school for the purchase of the house.

**FINDINGS** The house that is the center of this controversy is located across the street from school property. When we viewed the house from the exterior, we noted it appeared to be in poor condition.

On June 10, 2008, the Board voted to consider burning down the house and having the debris hauled away.

On August 12, 2008, the Board approved a



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lease/purchase on the house for \$6,000.00, payable at a rate of \$600.00 per month for 10 months “with the understanding we do nothing as far as repairs.”

The meeting minutes for December 9, 2008, reflect the Board approved the “sale of the house - \$1000.00 down, \$400.00 per month. Must insure the house and list Boynton-Moton School as the insured until it is paid for.”

The District was unable to provide any contracts or agreements other than the meeting minutes we have noted.

According to the District’s Business Manager Rita Lawson, the lease/purchase contemplated by the Board during the August 12, 2008 meeting ultimately did not occur, and the house was sold to Eugene Mason subsequent to the December 9, 2008 Board vote.

Rec #	Date	Received From	Amount
150	3/6/2009	Eugene Mason	\$600.00
151	6/30/2009	Eugene Mason	\$400.00
53	9/30/2009	Eugene Mason	\$400.00
54	10/2/2009	Eugene Mason	\$400.00
100	12/7/2009	Eugene Mason	\$400.00
181	3/3/2010	Eugene Mason	\$400.00
Total			\$2,600.00

The District was able to provide receipt registers indicating payments were being received from Eugene Mason. When we reviewed these payments, we found no indication the \$1000.00 down payment was received by the school; and the \$400.00 monthly payments have been made sporadically, as shown in the table at left.

The District has retained the deed to the property as of the end of our audit.

Although we are cognizant of the fact the District is now receiving money for the sale of a house with such little value that the Board voted to “consider burning down,” the Board has placed the District in the position of acting as a lending institution.

**Article 10 § 15** of the **Constitution of Oklahoma**, provides in pertinent part:

Except as provided by this section, the credit of the State shall not be given, pledged or loaned to any individual, company, corporation, or association, municipality or political subdivision of the State...

In addition to the District serving as a lending institution by carrying the note on the house, the District has no other contracts or documentation other than the meeting minutes. The meeting minutes indicate a down payment amount and a monthly payment amount, but not the actual selling price of the house.

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**OTHER CONCERNS**      Allowing the occupancy and control of a property that is in the name of the District but not under the District's control, could subject the District to significant liability issues.

**RECOMMENDATIONS**      We recommend the District seek legal counsel to determine the best and most expedient means to come to a written agreement with the buyer in order to effect and complete the sale of the property.

We also recommend the Board take appropriate action to protect the District from any liability that may exist concerning the occupancy of the house until such time as the sale of the house can be completed.

We recommend the District Attorney review these findings to determine what additional actions, if any, may be necessary.

**DISCLAIMER**              Throughout this report there are numerous references to state statutes and legal authorities which appear to be potentially relevant to issues raised by the District Attorney and 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 and such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the Boynton-Moton School District, or any of the individuals named in this report or acting on behalf of the District have violated any statutory requirements or prohibitions imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling interested parties to review and consider the cited provisions, independently ascertain whether or not the District's policies, procedures, or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.



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