

**CANADIAN
COUNTY
PUBLIC FACILITIES
AUTHORITY**

**JULY 1, 2005 THROUGH
JUNE 30, 2008**



**SPECIAL
AUDIT**



Oklahoma State Auditor
& Inspector

CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
SPECIAL AUDIT REPORT
JULY 1, 2005 THROUGH JUNE 30, 2008

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

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Chief Deputy



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September 17, 2009

Grant Hedrick, Jr., Chairman
Canadian County Board of County Commissioners
Canadian County Public Facilities Authority
201 North Choctaw
El Reno, Oklahoma 73036

Transmitted herewith is the Special Audit Report of the Canadian County Public Facilities Authority El Reno, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. § 227.8**.

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

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BOARD MEMBERS

Mr. Grant Hedrick..... Chairman
Mr. David AndersonMember
Mr. Phil Carson.....Member

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Board Members
Canadian County Public Facilities Authority
201 North Choctaw
El Reno, Oklahoma 73036

Dear Members:

Pursuant to the Canadian County Public Facilities Board request and in accordance with the requirements of **74 O.S. 227.8**, we performed a special audit with respect to the Canadian County Public Facilities Authority, for the period July 1, 2005 through June 30, 2008.

The objectives of our special audit primarily included, but were not limited to, the areas noted in the Board'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 Canadian County Public Facilities Authority for the period July 1, 2005 through June 30, 2008. 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 Authority taken as a whole.

This report is intended solely for the information and use of the Canadian County Public Facilities Authority and its 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,

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

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

November 13, 2008

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
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INTRODUCTION

The Canadian County Public Facilities Authority (“CCPFA”) is a public trust created under the provisions of **60 O.S. § 176 – 180.3** and is designed to assist Canadian County in “making the most efficient use of their resources and powers in providing, constructing, expanding, improving and operating and maintaining buildings and facilities for public use or benefit.”

The Canadian County Board of County Commissioners serves as Board Members for CCPFA.

The Canadian County Home Finance Authority (“CCHFHA”) is a public trust created under the provisions of **60 O.S. § 176 – 180.3** and is designed to assist Canadian County, municipalities and its citizens in making the most efficient use of their resources and powers in providing housing for low to moderate income residential use.

Pursuant to the Board of Trustees’s request, the Oklahoma State Auditor and Inspector (OSAI) conducted an audit of the Canadian County Public Finance Authority. The results of the audit are in the following report.

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I. OBJECTIVE

Review time records related to Susie Walker - Davis

FINDING

The focus of this objective stems from a concern that a County employee, who received pay for performing work for the Canadian County Public Facilities Authority (“CCPFA”), was performing that extra duty during the same hours she was also being paid as a Canadian County employee.

OSAI met with the Canadian County Commissioners who also serve as Board Members for the CCPFA. The Commissioners advised us that Susie Davis-Walker (“Davis”) was employed with Canadian County as a 1st Deputy to the County Commissioners.

In addition to her compensation for her County duties, Davis also received additional compensation, essentially extra duty pay, from CCPFA for work performed on behalf of CCPFA. The work performed for and compensated by CCPFA was not to be performed during working hours charged to Canadian County as a 1st Deputy to the Commissioners.

Davis was paid a set compensation amount for her extra duties for CCPFA. The extra duty pay was \$425.00 per month during FY 05-06 and \$500.00 per month during FY 06-07.

Because the extra duty pay for work performed for CCPFA was a set amount per month, the supporting documents for the pay did not include dates, times or hours of work performed for CCPFA. Therefore, OSAI could not compare County timecards to time reported to have been worked for CCPFA.

In a 2003 audit of the County Commissioners office, OSAI addressed the issue of Davis working for both the County and for CCPFA. An OSAI audit finding, referring to Davis working for both the County and CCPFA, stated, in part:

[T]hrough observation and inquiry we noted that the deputy also prepares documents and performs tasks associated with the Canadian County Public Facilities Authority during the same workday hours that are charged on the timesheets to Canadian County. In this capacity the deputy receives additional pay for those hours charged to the Canadian County Public Facilities Authority.

The County Commissioners, who also serve as the Board of Trustees for the CCPFA, met with OSAI staff as a result of the 2003 finding. In July 2007, the CCPFA stopped paying Davis the extra duty pay and started reimbursing the County for the work performed for the CCPFA.

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OSAI interviewed Davis who stated that she did perform work for CCPFA, was paid a set amount of extra duty pay, and did not perform that work while on County payroll time. Davis stated she would “clock out” when performing work for CCPFA, such as attending the CCPFA meetings.

OSAI obtained timecards for Davis and meeting minutes for the CCPFA meetings. Based on those records, it does appear Davis had “clocked out” and was not on the County payroll during the CCPFA meetings.

When OSAI interviewed Davis, she indicated that she created the CCPFA financial reports that have a title header reflecting “CCPFA” but she did not create the reports with the title header “JJC” (Juvenile Justice Center).

The FY 05-06 CCPFA financial records included ten (10) reports with the “CCPFA” title header. When the date and times of those reports were compared with Davis’s County time records, OSAI found, in all ten (10) instances, the reports appear to have been created while Davis was clocked in and working for the County.

The FY 06-07 CCPFA financial records included twelve (12) reports with the “CCPFA” title header. When the date and times of the reports were compared with Davis’s County time records, OSAI found eleven (11) of the twelve (12) reports (92%) appear to have been created while Davis was clocked in and working for the County.

When OSAI asked Davis about the reports being generated when it appeared she was on County time, she stated she might not always clock out if the work being performed “took just a second”.

OSAI noted that on several of the days where it appears the CCPFA reports were generated, Davis was not only clocked in but also claimed overtime hours for work performed for the County for that day.

During fieldwork, OSAI became aware that Davis was also paid extra duty pay for work performed for the Canadian County Home Finance Authority (“CCHFA”). From financial records obtained for CCHFA, OSAI found similar circumstances in that Davis’s extra duty pay appears to have been a set amount per month and not supported by any specific dates work was performed for CCHFA.

OSAI examined CCHFA records for the FY 05-06 year and found eight (8) reports reflecting different dates and times the reports were generated. OSAI compared the eight (8) reports to Davis’s County time records and found, in each

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case, the reports appear to have been generated while Davis was clocked in and on County time.

OSAI spoke with a former employee who worked with Davis. The former employee stated she had observed Davis working on CCPFA business and had made a point to check her time records to see if Davis had clocked out while performing work for the CCPFA. The former employee stated that in many of the cases, she found Davis was doing work for CCPFA while still clocked in for the County.

Based on our prior audit findings and the records provided during this audit, it appears at least some of the CCPFA and CCHFA extra duty work was being performed during the same workday hours Davis was also charging to Canadian County.

During fieldwork, OSAI was made aware of an issue related to Davis's leave records for work performed as a Canadian County employee. The County Clerk prepared a document questioning the acquiring of compensatory, or "comp time", taking what may have been unauthorized leave and making handwritten time notations on her timecard without supervisory approval.

OSAI spoke with the Canadian County Clerk who advised us that although calculating and reviewing time records should be relatively easy, she had considerable difficulty reviewing Davis's time records because of the manner and method Davis used to record leave.

OSAI reviewed computer-based monthly leave records for Davis for calendar years 2006 and 2007. In each year, Davis routinely used annual and/or sick leave during the same month the leave was being accrued. OSAI cites the following examples:

- Davis began September 2006 with 18.97 hours of annual leave and no sick leave. During the same month, she used 25.64 hours of annual leave and 10 hours of sick leave.
- Davis began September 2007 with no annual leave and 10.5 hours of sick leave. During the same month, she used 10 hours of annual leave and 20.5 hours of sick leave.

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Using leave in the same month it is accrued appears to violate County personnel policy which states, in part:

Annual leave shall not be taken in advance.

...

Sick leave shall not be taken in advance...

OSAI spoke with Davis concerning her leave practices and she stated that she was unaware that taking leave during the same month it is accrued was considered as taking leave in advance.

OSAI reviewed timesheet records for Davis and found, in most instances, the manner in which Davis recorded her time was not clear and was of little value for reviewing purposes. OSAI cites the following as an example:

- Davis' January 2006 timesheet reflected nine (9) days "off". However, the same timesheet reflected using 5.25 hours of annual leave and 34.75 hours sick leave.
- Davis' March 2006 timesheet reflected six (6) days "sick" leave was used. However, the same timesheet reflected 18.75 hours of sick leave used, 28.10 hours of annual leave used and 6.88 hours of "comp" time.

The manner in which Davis was recording her time leaves a reviewer of those records to speculate on which dates, which leave types and how much leave is being applied to any particular day.

RECOMMENDATIONS OSAI recommends the time sheets and leave taken be recorded in a manner as to clearly reflect the dates, type and amount of leave being taken. We recommend supervisory personnel review time records to ensure that time and leave are sufficiently recorded and leave is not being taken in contravention to county policy.

We recommend the appropriate legal authority review these findings to determine what action may be necessary.

II. OBJECTIVE

Review credit card expenditures.

FINDING

OSAI was asked to review expenditures related to the use of a Sam's credit card ("credit card") held in the name of the Canadian County Public Facilities Authority. OSAI was provided a statement reflecting the credit card account was

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in the name of Susie Walker (Susie Davis) and the Canadian County Public Facilities Authority (CCPFA). The statement listed Walker's home address.

OSAI reviewed CCPFA expenditures for the audit period July 1, 2005 through June 30, 2008 and found one payment, in the amount of \$35.00, had been made from CCPFA funds toward the credit card. The \$35.00 payment was supported by a purchase order signed by all three CCPFA Board members. The payment was for the annual Sam's Club membership fee.

OSAI interviewed Davis who stated she was unclear on the exact manner the credit card had been obtained. Initially, Davis stated the County Commissioners had wanted her to obtain the card to purchase meats and other items for events such as "Bedlam". Later, during the same interview, Davis stated she was shocked to learn the CCPFA name was on the credit card.

OSAI obtained, by subpoena, records related to the credit card including purchase and payment documentation. From the records provided, OSAI found CCPFA had paid two \$35.00 annual membership payments toward the credit card. These payments were made in June 2006 and June 2007.

An additional payment, in the amount of \$198.67, was a payment from Canadian County, drawn against the Canadian County Maintenance and Operations account, dated 12/11/2007. OSAI obtained copies of the purchase order which indicated the purchase was for a "Santa for Lobby" and is supported by a non-itemized credit card statement for the CCPFA credit card.

19 O.S. § 1505(E)(9) states:

The invoice shall state the name and address of the vendor and must be sufficiently itemized to clearly describe each item purchased, the unit price when applicable, the number or volume of each item purchased, the total price, the total purchase price, and the date of the purchase[.]

62 O.S. § 310.1(B) states:

After satisfactory delivery of the merchandise or completion of the contract, the supplier shall deliver an invoice. Such invoice shall state the supplier's name and address and must be sufficiently itemized to clearly describe each item purchased, its unit price, where applicable, the number or volume of each item purchased, its total price, the total of the purchase and the date of the purchase. The appropriate officer shall attach the itemized invoice together with delivery tickets, freight tickets or other supporting information to the original of the purchase order and, after approving and signing said original copy of the purchase order, shall submit the invoices, the purchase order and other

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supporting data for consideration for payment by the governing board. All invoices submitted shall be examined by the governing board to determine their legality. The governing board shall approve such invoices for payment in the amount the board determines just and correct. [emphasis added].

Davis stated she would use the credit card to purchase items for the County Commissioners and other County officers who, in turn, would repay her for those purchases. This statement appears to be supported in light of the \$198.67 payment from the Canadian County Maintenance and Operation account and approved by the County Commissioners.

60 O.S. § 176-1(A), states:

Except as provided in subsection F of this section and if the conditions set out in subsection B of this section are satisfied in compliance with Section 176 et seq. of this title, a public trust duly created in accordance with the provisions of Section 176 et seq. of this title shall be presumed for all purposes of Oklahoma law to:

...

Exist as a legal entity separate and distinct from the settlor and from the governmental entity that is its beneficiary;

60 O.S. § 176-1(D), states, in relevant part:

Except where the provisions of the trust indenture or of Section 176 et seq. of this title, or of any other law written specifically to govern the affairs of public trusts, expressly requires otherwise, the affairs of the public trust shall be separate and independent from the affairs of the beneficiary in all matters or activities authorized by the written instrument creating such public trust including, but not limited to, the public trust's budget, expenditures, revenues and general operation and management of its facilities or functions; provided, that either the public trust or the beneficiary may make payment of money to the other unless prohibited by the written instrument creating such public trust or by existing state law.

During an interview with Davis, she stated she had used the credit card to make personal purchases. From the records obtained by subpoena, OSAI found purchases for fuel, airline tickets, bubble bath, toys and other items. OSAI found Davis appears to have paid for these purchases from her personal funds.

The current Deputy for the County Commissioners advised OSAI the Sam's credit card account has now been closed.

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RECOMMENDATION OSAI recommends the proper authorities review this finding to determine what action, if any, may be required.

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 CCPFA Board 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 Authorities named in this report or any of the individuals named in this report or acting on behalf of the CCPFA have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the CCPFA'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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