



Special Audit City of Anadarko

Caddo County

July 1, 2005 through May 31, 2007



Office of the Oklahoma State Auditor and Inspector
Jeff A. McMahan, CFE



JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The District Attorney
requested the audit pursuant to
74 O.S. 2001 § 212(H).



City of Anadarko

Special Audit Report

July 2005 – May 2007

Audit Summary.

- ✓ Cash, in the amount of \$166,989.36, is unaccounted for and was not deposited in the City's bank accounts. **Pgs 11-14**
- ✓ False payroll checks were generated, and endorsements were falsified, in a cash check replacement scheme. **Pgs 14 & 15**
- ✓ The Personnel and Payroll Director may have improperly received medical benefits, totaling \$11,215.58. **Pgs 9 & 10**
- ✓ The Personnel and Payroll Director received questionable payments for compensatory and vacation time totaling \$8,361.67. **Pg 9**
- ✓ The Personnel and Payroll Director received questionable payments for back pay totaling \$2,085.60. **Pgs 8 & 9**

**CITY OF ANADARKO
CADDO COUNTY
SPECIAL AUDIT
JULY 1, 2005 THROUGH MAY 31, 2007**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

July 10, 2007

Mr. Bret T. Burns
District Attorney, District No. 6
217 North 3rd Street
Chickasha, Oklahoma 73018

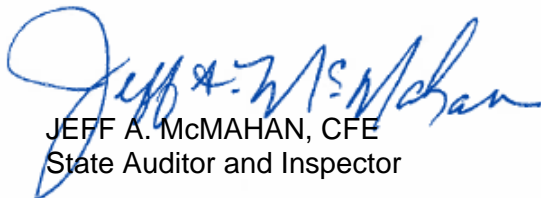
Transmitted herewith is the Special Audit Report of the City of Anadarko, Caddo County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(h)**.

A report of this type tends to be critical in nature. Failure to report commendable features in the present 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, reading "Jeff A. McMahan".

JEFF A. McMAHAN, CFE
State Auditor and Inspector

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CITY COUNCIL

Jerry Marcum Mayor
Vonda Neal Vice Mayor
Bobbie Wilson Clerk
Donnie Edmondson Ward 1
Rodney Pederson Ward 2
Darrell Wildcat..... Ward 3
Lino Arao..... Ward 4
David Slezickey..... Ward 5

CITY MANAGER
Robert Williamson



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Mr. Jerry Marcum, Mayor
City of Anadarko
P.O. Box 647
Anadarko, Oklahoma 73005


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 City of Anadarko, Caddo County, Oklahoma, for the period July 1, 2005 through May 31, 2007.

The objectives of our special audit primarily included, but were not limited to, concerns expressed in our previous audit report. Our findings and recommendations 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 City of Anadarko. 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 City of Anadarko.

This report is intended solely for the information and use of the Anadarko City Council and 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. § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

Sincerely,


JEFF A. McMAHAN, CFE
State Auditor and Inspector

June 28, 2007

INTRODUCTION

The City of Anadarko ("City") is a council-manager form of government (**11 O.S. § 10-101, *et seq.***), as established by the Anadarko city charter, which was approved by the voters on August 5, 1947. The City collects funds, through what is known as the 'utility billing' department for the City, the Anadarko Public Works Authority (APWA) and the Anadarko Economic Development Authority (AEDA).

11 O.S. § 2001, 10-101 states:

"The form of government provided by Sections 10-101 through 10-121 of this title shall be known as the statutory council-manager form of city government. Cities governed under the statutory council-manager form shall have all the powers, functions, rights, privileges, franchises and immunities granted, or which may be granted, to cities. Such powers shall be exercised as provided by law applicable to cities under the statutory council-manager form, or if the manner is not thus prescribed, then in such manner as the council may prescribe."

The funds collected include payments for water, garage sale permits, animal licenses and for the electric service operated by the Anadarko Municipal Power Service (AMPS). The power service operates under the Authority and as a function of APWA.

Both APWA and AEDA are public trusts formed under the authority of Oklahoma State Statutes **60 O.S. § 176, *et. seq.*** The City is also the beneficiary of both trusts.

On May 22, 2007, District Attorney Bret T. Burns requested the State Auditor and Inspector to conduct an investigative audit into concerns of possible misappropriation of money. Prior to the conclusion of our audit, on June 20, 2007, Katrina Pickens, Personnel and Payroll Director, was charged, in Caddo County District Court, with one count of embezzlement, a violation of **21 O.S. § 1451(A)(1)(4)**.

The State Auditor and Inspector conducted a special audit of the records of the City of Anadarko, primarily those records relating to the request of the District Attorney. The results of the special audit are in the following report.

CITY OF ANADARKO
CADDO COUNTY
SPECIAL AUDIT
JULY 2003 THROUGH MAY 2007

CONCERN AND FINDINGS

Although the focus of the concern, and this report, centers on funds missing from the court clerk and utility billing deposits, during the course of our fieldwork, we identified what appears to be a pattern of attempts, some successful and some not, by Katrina Pickens to obtain money fraudulently. This pattern begins in 2003 and continued through 2007. The methods and amounts are listed in the table that follows.

Method / Manner	Amount
Cash Missing From Utility Billing Deposits	\$160,961.36
Unauthorized Family Medical Leave Benefits	\$11,215.58
Questionable Compensatory and Vacation Time Payments	\$8,361.67
Cash Missing From Court Clerk Deposits	\$6,028.00
Questionable Back Pay	\$2,085.60
Total	\$188,652.21

July 2003: Questionable payments for back pay totaling \$2,085.60

On July 14, 2003, Katrina Pickens issued a letter to then City Manager, Alan Riffle requesting a salary increase. The letter stated, in part:

I thank you for the opportunity to serve the City of Anadarko. In the past nine months, I have proven myself a valuable employee. The Personnel office has been able to assume more responsibility easing the load that was assumed in the Finance offices. Completing more tasks that were neglected by my predecessor. I have saved the City money by not allowing individuals to linger on City paid benefits. I have complied with your request to obtain more knowledge of personnel, by attending various seminars. I know that I can continue to be an instrumental part of saving the City time and money. That is why I ask you now to move to a salary more appropriate to my knowledge, skills and abilities. Taking into consideration that I receive no overtime pay, no uniform allowance and workers compensation insurance is at a lower rate because of job position. I believe this to be a fair proposal for wage increase with respect to job title and responsibilities. I appreciate your serious consideration to this proposal.

On February 3, 2004, Robert Brooks (the then Finance Director) denied the request and, in a letter to Pickens, stated that she was to remain at \$14.34 per hour and her next increase would be on September 30, 2005.

STATUS CHANGE FROM: DEPT. <u>23-Administration</u> POSITION TITLE <u>Director of Personnel</u> SALARY <u>14.34</u> HOURLY RATE <u>14.34</u> PROMOTION <u> </u> TRANSFER <u> </u> DEMOTION <u> </u> END OF PROBATION <u> </u> OTHER <u>to increase</u>		PERFORMANCE RECORD POOR FAIR GOOD EX PRODUCTIVITY <u> </u> <u> </u> <u> </u> <u> </u> QUALITY OF WORK <u> </u> <u> </u> <u> </u> <u> </u> ATTITUDE <u> </u> <u> </u> <u> </u> <u> </u> ATTENDANCE <u> </u> <u> </u> <u> </u> <u> </u>	
TO: DEPT. <u>23-Administration</u> POSITION TITLE <u>Director of Personnel</u> SALARY <u>15.81</u> HOURLY RATE <u>15.81</u>		Total increase \$1.47 to b applied as follows	
REMARKS 5% increase from 10/1/03 effective date 5% effective 9/30/03 B-Pay = 2080 x .72 = \$1497.60 (1434 x 5% = .72) 5% effective 9/30/04 B-Pay = 320 x .75 = \$240.00 + B-Pay 80 x 1.47 to current B-Pay 320 x .72 = \$230.40 \$1968.00 Total B-pay as of 11/7/04			
APPROVALS DEPT. HEAD <u>[Signature]</u> DATE <u>11/15/04</u> CITY MANAGER <u>[Signature]</u> DATE <u>11/15/04</u>		DATE <u>11/30/04</u>	
ADMINISTRATIVE: DATE ENTERED TO RECORDS: <u>12/16/04</u> INITIALS <u>KIP</u> Total B-Pay thru 11/21/04 = \$2085.60			

We obtained a personnel action form, originally dated 11/15/04 and changed to 11/22/04, providing for a salary increase for Pickens and providing for back pay totaling \$2,085.60 (image at left).

Although Finance Director Robert Brooks stated, in response to Pickens request, that she was not due for a pay raise until September 2005, it appears Pickens was able to obtain a raise from then City Manager Roy Rainey.

Although the personnel action form authorizes a step raise and back pay, we question its authenticity. At the time her salary increase was denied, Beverly Willhoite was the interim city manager. At the time of the November 22, 2004 personnel action form was completed, Roy Rainey was the city manager.

Based on the February 3, 2004 letter from Robert Brooks, Pickens was not eligible for another pay increase until September 2005. However, based on this personnel action form, she received a raise retroactive to September 30, 2003, seven (7) months prior to the February 3, 2004 letter denying her pay raise, resulting in payment of \$2,085.60 in back pay.

December 2004: Questionable payments for compensatory and vacation time.

We noted Katrina Pickens received the following payments for unused compensatory and vacation time:

Date	Check #	Hours	Amount	Purpose
12/23/04	68874	134.38	\$2,124.55	Compensatory Time
1/7/05	68982	16.27	\$257.23	Vacation
1/7/05	68982	38.50	\$608.69	Compensatory Time
12/22/05	71625	80.00	\$1,395.20	Vacation
9/25/06	73590	80.00	\$1,590.40	Vacation
10/27/06	73846	120.00	\$2,385.60	Compensatory Time
		Total	\$8,361.67	

We found one personnel action form apparently authorizing the payment for 80 hours of compensatory time. The form was dated December 20, 2005; however, it was not approved. We found no other authorization for the payment of compensatory time or vacation time.

Sections 403 and 415 of the City of Anadarko Personnel Policies and Procedures provide in relevant part:

Section 403:

Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work.

Section 415:

Employees shall be paid for all accrued compensatory time at the time of separation in compliance with established pay procedures.

July 2006: Unauthorized family medical premiums.

Interviews with David Edwards, Chief of Police, and Richard Bennett, Chief of the Fire Department, indicated that Pickens continuously expressed her discontent over the police and fire department employees receiving family medical coverage. According to both Chief Edwards and Chief Bennett, Pickens did not think it was fair that these departments were provided family benefits while she was not.

We obtained the payroll history for Pickens beginning in 2002. Starting with the January 6, 2006 payroll period, Pickens began receiving employer contributed medical coverage for her family.

Of the \$889.40 total premium, the employee's responsibility is \$596.10 for medical, \$45.98 dental and \$17.66 vision. For the period January 6, 2006 through May 11, 2006, Pickens received unauthorized family medical coverage benefit totaling \$11,215.58.

In the video taped interview with Stephen Campbell (DA investigator), Pickens indicated that City Manager Robert Williamson verbally authorized the family medical coverage. On June 12, 2007, Robert Williamson denied that he had authorized the change to Pickens family medical plan.

Upon reviewing Pickens personnel file, we found no written authorization for family medical coverage.

According to Cheri Weber, the only employees that receive family coverage are police, fire, Robert Williamson, and Robert McCain.

October/November 2006: Unauthorized attempt to withdraw retirement funds.

Cheri Weber provided us with a form she had found in which Pickens was attempting to withdraw her retirement funds. The form reflected that Pickens was terminated on November 9, 2006. Pickens; however, was not terminated until May 14, 2007.

Upon finding this form, Weber contacted Hedy Devero-Beal at DeMars, the city's pension company, concerning this form. Hedy sent Weber the request forms Pickens had faxed to them.

The first request was submitted on October 25, 2006. According to Weber, Hedy contacted the City and asked if Pickens was still employed with the City of Anadarko. Hedy subsequently contacted Pickens who stated that she had been rehired. The request to withdraw funds was denied.

A second request to withdraw pension funds was faxed on November 9, 2006 reflecting that Pickens was terminated the same date. The form was 'approved' using the City Manager's signature stamp. On June 12, 2007, the City Manager indicated that he knew nothing about the retirement form. This attempt to withdraw retirement funds was also denied since Pickens was still, at the time, employed by the City of Anadarko.

Although Pickens continued her employment through May 14, 2007, we noted that retirement contributions were not withheld from her check after October 13, 2006.

June 2007: Unauthorized salary increase.

We obtained the "employee management" reports, which show changes in employee compensation. According to Cheri Weber, all salary increases require the approval of the City Manager on a "personnel action form".

While reviewing Pickens' personnel file, we noted she received a salary increase from \$17.44 per hour to \$19.88 per hour effective March 26, 2006. On June 12, 2007, City Manager Robert Williamson stated that he was not aware of this salary increase.

October 2007: Pickens assumes the duties of depositing money.



The City collects funds, through utility billing, for services such as water and sewer, electric service, garage sale permits, and business licenses. These funds are collected by the utility billing clerks at city hall.

At the close of each business day, the utility billing clerks reconcile the funds collected, and determine which funds should be placed in each account (General, APWA, AEDA).

A daily closeout report ("DCR") is then created. The DCR reflects, among

other things, the amount of cash and checks taken in by utility billing for each business day.

The DCR, an example of which appears below, also reflects the amounts and composition of cash, checks and credit cards taken in for each individual till as well as the combined totals for the day. In addition to the total amounts of cash, checks and credit cards, the DCR also reflects any till shortages or overages as well as pre-deposits (direct deposits).

AMPS- UTILITY BILLING OFFICE				DAILY CLOSE-OUT REPORT		
G/L POSTING DATE: Thursday, January 25, 2007				DEPOSIT DATE: Friday, January 26, 2007		
	TILL TOTALS	CASH	CHECKS	LONG/ SHORT	PRE - DEPOSITS	CREDIT CARDS
TILL #1	\$6,767.85	\$45.43	\$6,717.42	\$0.00	\$0.00	\$5.00
TILL #2	\$2,074.94	\$524.94	\$1,550.00	\$0.00	\$0.00	\$0.00
TILL #3	\$888.91	\$288.31	\$602.60	\$0.00	\$0.00	\$0.00
ACH 11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ACH 99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MAIL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTALS	\$9,731.70	\$856.68	\$8,870.02	\$0.00	\$0.00	\$5.00

Once the tills have been reconciled, the funds are placed into a deposit bag and taken to a local bank where the deposit bag is locked up for the night. The following business day, the deposit bag is retrieved from the bank, the deposit slips are prepared and the funds are then deposited.

In October 2006, Katrina Pickens, Personnel and Payroll Director, informed Tracey Harris, deputy city clerk, that she would be taking over the task of making the deposits. According to

Harris, Pickens stated that the reason she was taking over the deposits was because both Cheri Weber and Linda Howell, Finance Director and City Clerk, respectively, had complained about how she was doing the deposits. Both Weber and Howell denied making such statements.

We asked the City Manager if he was aware of Pickens taking over the deposits and he stated that he was not. According to the City Manager, Pickens was the *de facto* second-in-command for the City and she had, more or less, placed herself in the position of making the deposits.

Since we could not determine the exact date in October when Pickens took over the deposit duties, we performed a receipt to deposit test for September 2006 to determine if any shortages occurred immediately prior to Pickens assuming the deposit duties. We found no errors in the cash/check composition of the deposits nor did we find any errors in the deposit amounts.

For the period from October 2006 through May 18, 2007, it appears \$160,961.36 in cash was receipted by utility billing but was not deposited into the City and Trust Accounts. In addition, we noted the City Court Clerk collected \$6,028.00 in cash; however, those funds were not deposited into the City General Fund account. In total we identified \$166,989.36 in cash that appears to be missing.

Cheri Weber, the City's Finance Director, advised us that beginning in about November 2006, she had trouble getting the DCR's from Pickens. When Weber told Pickens that she needed those reports in order to reconcile the bank statements, Pickens responded, according to Weber, by saying that she (Pickens) needed to learn how to reconcile the bank statements.

During the course of our audit, we identified what appears to be a cash/check replacement scheme. A cash/check replacement scheme involves using checks from an outside source to supplement a deposit, allowing cash to be removed, and having the deposit total balance match the expected amount of the deposit.

We cite the following as an example of how a check/cash replacement scheme works:

A person is expected to deposit \$250.00 consisting of \$100.00 in cash and \$150.00 in checks. Rather than depositing the \$100.00 cash, the person removes the \$100.00 in cash and inserts a \$100.00 check, from another source, into the deposit. Although the composition (amount of cash, amount of checks) has changed, the total amount of the deposit has not changed. \$100.00 in cash was simply replaced with \$100.00 in checks and the deposit remains \$250.00.

The key element in a cash/check replacement scheme is having checks from a source other than the deposit being altered. During our audit fieldwork, we identified the following:

- Checks withheld from a single deposit were then used to replace cash in several subsequent deposits.
- Checks from the court clerk deposits were used to supplement APWA deposits.
- False payroll checks were used to supplement APWA deposits.
- Checks were put in deposits that had not been processed through utility billing.

**CITY OF ANADARKO
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Date	Cash	Checks
10/11/06	\$ (1,268.80)	\$ 1,268.80
10/30/06	\$ (150.00)	\$ 150.00
11/06/06	\$ (1,319.71)	\$ 1,319.71
11/09/06	\$ (2,254.00)	\$ 2,254.00
12/08/06	\$ (1,145.58)	\$ 1,145.58
12/20/06	\$ (1,554.00)	\$ 1,554.00
02/12/07	\$ (3,511.96)	\$ 3,511.96
02/13/07	\$ (3,972.81)	\$ 3,972.86
02/16/07	\$ (3,724.29)	\$ 3,724.29
02/22/07	\$ (615.34)	\$ 615.34
03/20/07	\$ (9,770.60)	\$ 9,770.60
05/02/07	\$ (510.49)	\$ 510.49
05/10/07	\$ (738.91)	\$ 738.91
Total	\$ (30,536.49)	\$ 30,536.54

The table at left reflects thirteen (13) cases in which the cash is missing and an equal amount of checks has been added.

We selected a sample of these deposits to test for the source of the checks.

On 11/9/2006, we identified a check from National Transformer, Inc., in the amount of \$2,254.00. This check was not processed through utility billing; therefore, the check could be added, and the cash removed, and the deposit amount would remain the same.

On 12/8/2006, \$1,145.58 in cash was missing from the deposit and an additional check was added in the same amount. We traced the additional check to a City payroll check. This check was not processed through utility billing and may have been fraudulently issued. We will address payroll checks later in this report.

On January 18, 2007, we determined that \$5,939.38 in cash and \$27,876.56 in checks had been receipted by utility billing that was not deposited, as reflected in the table below.

Date	Cash	Checks	Long/Short	Pre-Deposit	Credit Cards	Total
1/18/2007	\$ 6,478.48	\$ 42,581.07			\$ 431.92	\$ 49,491.47
Deposit		\$ (5,673.44)				
Deposit	\$ (289.10)	\$ (9,031.07)				
Deposit	\$ (250.00)					
Totals	\$ (539.10)	\$ (14,704.51)				
Variances	\$ 5,939.38	\$ 27,876.56				

We noted five (5) subsequent deposits where cash was missing and additional checks were added to the deposit. The total of the added checks for these five deposits was \$27,876.56, the same amount that was not deposited on January 18, 2007.

Date	Cash Variances	Check Variances
2/12/2007	\$ 3,511.96	\$ (3,511.96)
2/13/2007	\$ 3,972.81	\$ (3,972.86)
2/15/2007	\$ 9,057.63	\$ (9,257.67)
2/16/2007	\$ 3,724.29	\$ (3,724.57)
2/20/2007	\$ 7,609.50	\$ (7,409.50)
Variances	\$ 27,876.19	\$ (27,876.56)

We obtained the source for the deposits and found that checks posted to utility billing on January 18, 2007, were used to supplement the February deposits.

It appears, therefore, that checks were withheld from one deposit and then used in five (5) subsequent deposits to conceal missing cash.

On April 30, 2007, City Manager Robert Williamson took Pickens out of the role of making the utility billing and court clerk deposits. The deposit duty was handed over to City Clerk Linda Howell.

On May 3, 2007, Linda Howell was late arriving to work. When Howell arrived to City Hall she found that Pickens had already done the deposit and had already taken the deposit to the bank. During our testing, we found this deposit was short (May 2, 2007 DCR) \$510.49 in cash and had an addition \$510.49 in checks.

On May 11, 2007, the City Clerk, Linda Howell, was examining the deposits because the utility clerks had accepted a credit card payment on behalf of the court clerk. During this process, Howell discovered a discrepancy in the cash/check composition of the deposit. Howell found that a U.S. Treasury check, issued to the City of Anadarko, was in the deposit bag although utility billing had not receipted the check.

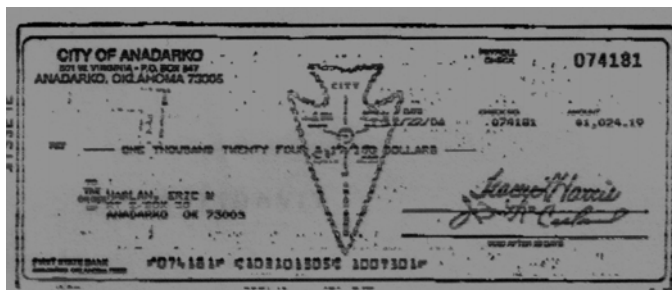
Subsequent to that discovery Linda Howell, Cheri Weber and Katrina Pickens met with City Manager Robert Williamson. During that meeting, Pickens allegedly stated that she had cashed a payroll check for someone. When Williamson was provided with a copy of the U.S. Treasury check, he questioned the validity of Pickens statement. This meeting occurred late Friday afternoon. The following Monday morning (May 14, 2007) Pickens was suspended from her duties.

Questionable payroll checks used to supplement deposits.

In a taped interview with District Attorney investigator, Stephen Coleman, Pickens indicated she had generated false payroll checks and used those checks to substitute for cash in the deposits. She stated that she issued the false payroll checks using employees who had left the employment of the City.

Checks issued by the City require the signatures of the City Clerk and Mayor. During an interview with Cheri Weber, she stated that Pickens had the signature stamps in her possession that were required on the checks.

For the purpose of further illustrating the check for cash substitution scheme, we selected a test sample of deposits in order to identify the specific checks used to conceal cash shortages. This was accomplished by obtaining the deposit composition for a particular day and tracing the checks to the daily postings to determine which checks were deposited and not posted.



A payroll check was issued to Eric Harlan, on December 22, 2006, in the amount of \$1,024.19. This check was issued subsequent to his leaving the City's employment and subsequent to him having received a final check for his vacation and compensatory time.

We obtained copies of additional checks issued to Harlan and compared the

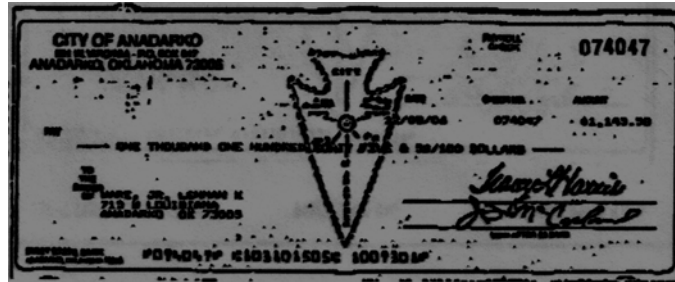
endorsement signatures of the additional checks to the questioned check. The endorsements signatures appeared to be different.

CITY OF ANADARKO
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On June 21, 2007, we met with Eric Harlan at City Hall in Anadarko. Harlan was shown the questioned check and the endorsement on the check and asked if the signature was his. Harlan signed a sworn statement indicating the endorsement was not his.

This check was included in the deposit composition for the deposit on December 22, 2006 (December 21, 2006 DCR). Our testing for the December 21, 2006 daily report reflects that \$1,024.19 cash was missing from the deposit.

On December 8, 2006, a payroll check was issued to Lehman Ware in the amount of \$1,145.58. City records reflect that November 5, 2006 was Ware's last day of employment with the City. We obtained copies of previous checks issued to Ware and compared those endorsement signatures to the endorsement signature on this check.

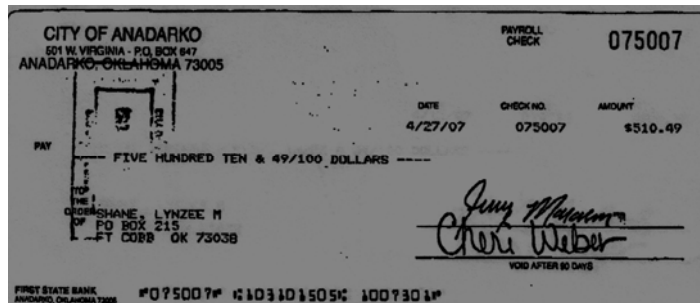


The endorsements do not appear to be the same.

This check was included in the deposit composition for the deposit on December 11, 2006 (December 8, 2006 DCR). This deposit was missing \$1,145.58 in cash and had an additional \$1,145.58 in checks deposited.

On April 27, 2007, a payroll check was issued to Lynzee Shane in the amount of \$510.49. Shane's last date of employment with the City was April 5, 2007.

We obtained copies of checks previously issued to Shane and compared the endorsement signatures of those checks to the endorsement signatures of this check. The endorsements do not appear to be the same.



This check was included in a May 3, 2007 deposit in which cash, in the amount of \$510.49, was missing and an additional check, in the amount of \$510.49 was added to the deposit.

In addition to the above checks, we noted other payroll checks that, based on the documentation provided by the City, and the check endorsements, appear questionable. These checks included a payroll check issued to John Sage in the amount of \$1,334.33 and a payroll check issued to Mitchell Valazquez in the amount of \$469.61. We noted the check issued to John Sage was generated subsequent to his last day of employment.

We have provided our report to the District Attorney to determine if further action should be taken.



Office of the State Auditor and Inspector
2300 N. Lincoln Boulevard, Room 100
Oklahoma City, OK 73105-4896

www.sai.state.ok.us