



Town of Cromwell  
Seminole County  
Special Audit Report  
January 1, 2003 – June 30, 2004

**JEFF A. McMAHAN, CFE**

OKLAHOMA OFFICE

OF THE

STATE AUDITOR & INSPECTOR

Why the audit was performed

Citizens' Petition

74 O.S. 2001, § 212(L)

*Audit Summary:*

- ✓ Computerized Town records are inaccurate and have not been properly maintained. **Pg 7**
- ✓ Fire Department revenues and expenditures are not properly separated from the General Fund. **Pg 11**
- ✓ An item was purchased from a Town employee which appears to be in violation of **11 O.S. § 8-113 A and B. Pg 12**
- ✓ The Town was not following the encumbrance and purchase order requirements for some purchases. **Pg 14**
- ✓ Discussion and approval of a vehicle purchase with grant funds was not listed in the Town's meeting minutes. **Pg 14**
- ✓ Some traffic ticket fines appear to be in excess of amounts allowed by **11 O.S. § 14-111(C). Pg 17**
- ✓ There is no accounting for traffic citations.
- ✓ We were unable to trace tickets from issuance to the deposit of funds due to the manner in which deposits were made. **Pg 18**
- ✓ A record of money being receipted or deposited could not be found for 181 citations that had been issued. **Pg 19**
- ✓ An additional 284 citations could not be accounted for regarding issuance, void or disposition. **Pg 19**
- ✓ The Town is not current on contributions to the Oklahoma Firefighters Pension and Retirement System. **Pg 19**
- ✓ The Town Clerk attested to an official document prior to her employment. **Pg 20**
- ✓ The Fire Department maintains a bank account separate from the Town. **Pg 22**

To view a copy of the entire report, please visit our website at: [www.sai.state.ok.us](http://www.sai.state.ok.us).

If you have questions or would like to contact our office, please call (405) 521-3495.

**TOWN OF CROMWELL**

**SEMINOLE COUNTY**

**SPECIAL AUDIT REPORT**

**JANUARY 1, 2003 THROUGH JUNE 30, 2004**

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This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. § 212(L). Pursuant to 74 O.S. § 3105(B), 35 copies have been prepared and distributed at a cost of \$69.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

March 22, 2005

Citizens and Petitioners  
Town of Cromwell, Oklahoma

Transmitted herewith is the Special Audit Report of the Town of Cromwell, Seminole County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S.2001, § 212(L)**.

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 Town.

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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN, CFE  
State Auditor and Inspector

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**index of specific concerns**

The following concerns are presented in their entirety in italics as they were communicated to us?

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**BOARD OF TRUSTEES**

Troy Roundtree ..... Mayor  
Rosa Sabala ..... Trustee  
Joseph Beckwith ..... Trustee  
Mary Vaught ..... Trustee  
Vacant Seat ..... Trustee

**CLERK/TREASURER**

Lori Harrison



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

Mr. Troy Roundtree, Mayor  
Town of Cromwell  
P.O. Box 30  
Cromwell, Oklahoma 74837

Dear Mr. Roundtree:

Pursuant to a citizens' petition and in accordance with the requirements of 74 O.S. 2001, § 212(L), we performed a special audit with respect to the Town of Cromwell, Seminole County, for the period January 1, 2003 through June 30, 2004.

The objectives of our special audit primarily included but were not limited to, the areas noted in the index of specific concerns and are presented in their entirety in italics as they were communicated to us. 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 Town of Cromwell for the period January 1, 2003 through June 30, 2004. 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 Town taken as a whole.

This report is intended to provide information to the Petitioners, Board of Trustees and Administration of the Town. This restriction is not intended to limit the distribution of the report, which is a matter of public record when released.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN, CFE  
State Auditor and Inspector

March 16, 2005

## INTRODUCTION

The Town of Cromwell, Oklahoma is organized under the statutory town board of trustees form of government, as outlined in **11 O.S. 2001, § 12-101, et seq.**

**11 O.S. 2001, § 12-101, et seq.** states:

“The form of government provided by Sections 12-101 through 12-114 of this title shall be known as the statutory town board of trustees form of government. Towns governed under the statutory town board of trustees form shall have all the powers, functions, rights, privileges, franchises and immunities granted, or which may be granted, to towns. Such powers shall be exercised as provided by law applicable to towns under the town board of trustees form, or if the manner is not thus prescribed, then in such manner as the board of trustees may prescribe.”

A private, independent audit firm audits the Town. Audit reports were made available for our review.

The State Auditor and Inspector conducted a special audit of the records of the Town of Cromwell, primarily those records relating to the Petitioners' concerns. The results of the special audit are in the following report.

**BACKGROUND AND GENERAL FINDINGS**

The Town of Cromwell has experienced a high turnover rate in Town Clerk/Treasurers in the last four years. The Town has had eight (8) people working as the Town Clerk/Treasurer, since December 2000. The longest tenure of any one employee has been two (2) years and the average amount of time for the remaining seven (7) employees was about six (6) months. Because of the instability of the environment, the condition of the computerized financial records for the Town of Cromwell, are inaccurate and unreliable.

The Town has not had an independent audit since FY 2002. The former independent auditor was initially retained to complete the FY 2003 audit; however, in a letter to the Town of Cromwell, dated June 23, 2004, the former independent auditor confirms our observations. The letter states in part,

“We have spent considerable time and effort in conducting an audit of your fiscal year ending June 30, 2003. However, we have not been able to finish it due to the condition of the financial records...Expenses are not classified in accordance with the budget. It is difficult to determine what department the expense goes in.... Revenue is not properly classified.”

The current Town Clerk/Treasurer inherited records in the computerized system that had not been properly maintained by previous clerks. During our review of Town records, it appears that the allegations of irregularities in the Town coffers stemmed from the inaccuracy of the computerized records, which resulted in inaccurate responses to citizens’ inquiries. The letter also states,

“We are returning the Town’s records at this time. The revenues and expenses during the year should be reclassified into the areas and departments established under your budget.”

Subsequently, the Town retained another independent auditor to complete the FY 2003 audit, which is currently in progress.

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Most computerized accounting systems that are double entry are specifically designed so that when a period is closed, the records cannot be changed or manipulated after the fact. The financial accounting system currently used by the Town of Cromwell is QuickBooks Software. The current computer financial record system, used by the Town of Cromwell, will allow changes in the past that should have been previously closed and locked. The QuickBooks program is designed as a non-double entry system, which allows non-accountants to keep track of financial records. It is a program that is functional as long as the end users understand the limitations of the software package.

**RECOMMENDATION:** We recommend the Town await the Independent Auditor’s financial audit to gather additional information and recommendations that may be necessary before addressing the inaccuracy of their general ledger information. This may also eliminate the option of going back to the Town’s last successful audit (June 30, 2002) and correctly inputting department transactions. The Independent Auditor expressed to our office that he would be reviewing 100% of Town transactions by relying on source documents (ie. Bank statements, etc.) and not computer-generated balances to ensure accuracy of the Town’s financial statements.



The Town's accounting software does have the capability of properly organizing Town transactions as required by various statutes (Municipal Budget Act, Purchase Order law, etc). However, additional software training may be needed to insure the accurate input of data. Sources of training are available from local technology centers and some computer vendors also offer training in this software.

Furthermore, the Town of Cromwell is a member of the Oklahoma Municipal League (OML). OML is a valuable resource the Town can utilize when additional training is needed. OML can also assist in questions about state laws that pertain to the Town and its finances.

Another option for the Town of Cromwell is to hire an outside consultant to assist in getting their financial books in order and provide adequate training to the Town personnel who will be using the automated accounting system.

**CONCERNS, FINDINGS AND RECOMMENDATIONS**

**I. CONCERN:** *Possible irregularities in deposits.*

*“It appears that \$19,426.00 is missing from the General Fund. Why does the ending balance of November 2003 not agree with the beginning balance of December 2003?”*

**FINDING No. 1:** Below is the computerized record for the ending balance of November 2003.

General Fund								2/5/2004
Register: Checking - Security State								
From 11/01/2003 through 11/30/2003								
Sorted by: Date, Type, Number/Ref								
Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
11/30/2003			Interest	Interest		X	4.38	29,557.23
11/30/2003	14		Opening Bal Equity	Balance Adjustment	3,012.41	X		26,544.82

Below is the computerized record for the beginning balance in December 2003

General Fund								1/31/2004
Register: Checking - Security State								
From 12/01/2003 through 12/31/2003								
Sorted by: Date, Type, Number/Ref								
Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
12/05/2003	4043	OG&E	Utilities		90.86			7,118.82

The two examples cited above were from the Town’s computerized general ledger. The Town Clerk/Treasurer in January/February 2004 provided the documents above to citizens.

Below are from the bank statements for November and December 2003.

**NOVEMBER 2003**

|||||  
CITY OF CROMWELL  
GENERAL FUND  
P O BOX 30  
CROMWELL

OK 74837

STATEMENT PERIOD  
FROM: TO:  
10/31 11/28/2003

PAGE 1

✓213.12 DEPOSIT	4005	4.00		
4.38 INTEREST			11/28	9,317.48
INTEREST EARNED		\$4.38		
DAYS IN PERIOD		28		
ANNUAL PERCENTAGE YIELD EARNED		.50%		

DECEMBER 2003

I

 CITY OF CROMWELL GENERAL FUND P O BOX 30 CROMWELL	OK 74837	Account Number  STATEMENT PERIOD FROM: TO: 11/28 12/31/2003  PAGE 1
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*****	N.O.W. ACCOUNT	*****#	999024 PREVIOUS BALANCE	9,317.48
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As described above in our general findings, the Town's accounting software general ledger balances are questionable at best. It appears the last time a successful independent audit was performed for the Town of Cromwell was in FY 2002. The data contained and tracked in the accounting software has been unreliable since then, based on the data we observed.

By reviewing the computerized records, it appears that the money is missing; however, a review of the bank statements for November 2003 and December 2003 do not reflect any funds missing. The ending balance from November is the same beginning balance for December.

In addition, at the start of our fieldwork, we obtained the general ledger information for the months in question. There was no variance in the general ledger balances.

It appears that the turnover in Town Clerk/Treasurers may have attributed to the erroneous information. Board Minutes dated December 1, 2003, states in part,

"12. DISCUSSION REGARDING CHECKS THAT HAVE BEEN COMING IN COPYS MADE OF ALL CHECKS MONEY THAT WAS FOUND IN CITY CLERKS DESK/ WITH NO NAME FILLED OUT WANITA & TROY & DON TALKING MONEY WAS NOT DEPOSITED ALL CASH ASSUMED TO BE TRAFFIC FINES. TALKING ABOUT PANIC ATTACK WITH CITY CLERK & HER NOT SHOWING UP FOR WORK OR CALLING IN TO WORK."

It appears when the citizens obtained their general ledger information; the newly appointed Town Clerk/Treasurer (appointed December 2003) was in the process of inputting information that was not recorded by the former Town Clerk/Treasurer(s).

**RECOMMENDATION:** Though funds are not missing, we recommend the Town/Clerk Treasurer verify accuracy of the financial information prior to providing it to the public. Additional training may be necessary on the Town's accounting software as described in our General finding above.

*“The monthly reports of deposits does not show any deposits from the Oklahoma Tax Commission.”*

**FINDING NO. 2:** This is another example of relying on the accounting software-reporting program and not having access to the actual bank account statements. A review of the appropriate bank statements details the monthly transactions from the State of Oklahoma Tax Commission to the Town of Cromwell. The money is electronically deposited; there is no option for the money to be diverted.

**RECOMMENDATION:** A recommendation is not necessary.

*“There is no accounting for Fire Department donations and fire dues.”*

**FINDING NO. 3:** The Town does not separately account for Fire Department revenues and expenditures in its own sub-account within the General Ledger. As a result, Fire Department transactions are co-mingled with General fund transactions. The Fire Department has no way of knowing where they stand within their budgeted appropriations. However, a review of bank statements and deposit records for the audit period denotes which deposits were for the Fire Department. It can be corrected, but it will require going back into deposit records (approximately 2-3 years) and separating Fire Department funds from the general ledger funds to accurately reflect Fire Department balances.

**RECOMMENDATION:** We recommend the Town of Cromwell hire an outside consultant to assist them in getting their financial books in order and provide adequate training to the Town personnel who will be using the automated accounting system.

**II. CONCERN:** *Possible irregularities regarding Open Meeting violations.*

**FINDING:** The **Open Meeting Act 25 O.S. 2001 § 311(11)**, states in part,

“11. Special meetings of public bodies shall not held without public notice being given at least forty-eight (48) hours prior to said meetings ... The public body also shall cause written notice of the date, time and place of the meeting to be mailed or delivered to each person, newspaper, wire service, radio station, and television station that has filed a written request for notice of meetings of the public body with the clerk or secretary of the public body or with some other person designated by the public body. Such written notice shall be mailed or delivered at least forty-eight (48) hours prior to the special meeting. The public body may charge a fee of up to Eighteen Dollars (\$18.00) per year to persons or entities filing a written request for notice of meetings, and may require such persons or entities to renew the request for notice annually.”

We obtained a written request for “notice of meetings” from a citizen dated December 22, 2003. The Town of Cromwell received the \$18.00 fee. Town minutes dated January 5, 2004, state the citizen brought the request before the Town Council. His request also states,

“This is a renewal of the request that I made in January of 2003. During the 2003 calendar year, the Town Board and/or City Clerk was very lax in sending notifications in the specified time frame if at all. I did not follow up on these transgressions in the past, but I trust that the Board will be more diligent in its’ compliance in this next year.”

This statement seems to coincide with the former Clerk’s correspondence dated June 10, 2003 in which she addresses the problem, it states in part,

“I am sending this to you once again apologize for the lack of communication between the previous City Clerk and the Board of Trustees for the City of Cromwell. The Board was unaware of the

written notice you submitted requesting a copy of the agendas for regular or special meetings. I was able to find where a check was deposited in the city account from you in the amount of \$18.00. Please accept my apologies and I will do my best to correct this problem.”

The citizen claims that two (2) special meetings were held without a notice being sent to him as requested.

The first special meeting was July 9, 2004. We could not prove or disprove this allegation since the Town Clerk/Treasurer does not keep records of when and to whom she sends the agendas. However, the citizen maintains that he did not receive the special meeting notice. (Note: This also could be due to the fact that the Town once again was in transition of a new/former City Clerk in the early part of July 2004.)

The second notice was for a special meeting on October 13, 2004. We obtained the post-marked envelope and noted the date of October 21, 2004, eight days after the special meeting.

Subsequently, Town Minutes dated December 20, 2004, state,

“Item #17 Board Members Comments  
[Town Attorney] wanted to make sure that the town clerk had [citizens] Fax number to which she replied that she wasn’t going to be responsible in case that there was no paper in the fax machine. For them to get the notice of Special meetings that she wanted them E-mailed to her husband.”

**RECOMMENDATION:** We recommend the Board of Trustees ensure that the Town Clerk/Treasurer promptly sends notice of special meetings as required by state statutes. In addition, we recommend the proper authorities review this finding to determine what action, if any, may be necessary.

**III. CONCERN:** *Possible irregularities in expenditures.*

**“Why was the landfill bill paid on January 7, 2004 and then again with two checks on January 16, 2004?”**

**FINDING NO. 1:** While reviewing the Landfill’s ledger, it appears that the subsequent check numbers 1365 and 1366 were voided. In addition, we located the original “voided” checks to substantiate the transaction.

**RECOMMENDATION:** A recommendation is not necessary.

**“The City of Cromwell purchased the Chief of Police’s lawn tractor for \$1,000.00.”**

**FINDING NO. 2:** At a Special Town meeting on August 8, 2003, the Board of Trustees voted to purchase a part-time police officer’s (current Police Chief) lawn tractor. The minutes state as follows:

“2. The first thing discussed was whether or not to purchase a lawn tractor for \$1,000.00 from Donald Autry for the City of Cromwell to use for mowing. Bill Sowder went and looked at the lawn tractor and agrees it’s a good buy. Bill made the motion to purchase the lawn tractor and Troy Roundtree seconded that motion.”

The vote was unanimous to purchase the lawn tractor. We noted check number 3637, dated August 11, 2003 in the amount of \$1,000.00, made payable to the part-time officer (current Police Chief).

The Town of Cromwell does not have a bid limit or prohibition of purchases from employees in their Town Code of Ordinances. However, **11 O.S. 2001 §8-113 A and B** states,

**“Certain officers and employees prohibited from conducting certain business with municipality—Exception for municipalities under 2,500—Definitions—Violations—Employees of financial institutions**

A. Except as otherwise provided by this section, no municipal officer or employee, or any business in which the officer, employee, or spouse of the officer or employee has a proprietary interest, shall engage in:

1. Selling, buying, or leasing property, real or personal, to or from the municipality
2. Contracting with the municipality; or
3. Buying or bartering for or otherwise engaging in any manner in the acquisition of any bonds, warrants, or other evidence of indebtedness of the municipality.

B. The provisions of this section shall not apply to any officer or employee of any municipality of this state with a population of not more than two thousand five hundred (2,500) according to the latest Federal Decennial Census, who has proprietary interest in a business which is the only business of that type within ten (10) miles of the corporate limits of the municipality. However, any activities permitted by the subsection shall not exceed Five Hundred Dollars (\$500.00) for any single activity and shall not exceed Two Thousand Five Hundred Dollars (\$2,500.00) for all activities in any calendar year.”

**RECOMMENDATION:** We recommend the proper authorities review this finding to determine what action, if any, may be necessary.

*“The City of Cromwell has rendered services from Trustee’s relatives.”*

**FINDING NO. 3:** While reviewing expenditures, we noted check number 3506, dated May 6, 2003 in the amount of \$74.93 and check number 4115, dated July 1, 2004 in the amount of \$42.00. The payee is denoted as a Trustee’s grandson. It should be noted that in the Town Board of Trustees meeting dated July 9, 2004, the Board accepted the resignation of this Trustee. We were unable to determine if the Trustee resigned prior to the issuance of the July 1, 2004 expenditure to the grandson. We were unable to locate invoices for the above two expenditures; however, check stubs indicate that check number 4115 was for the wiring of the Town’s police car. Check stub for check number 3506 states it was for parts and supplies paid for by the Trustee’s grandson. The latter check may have been a reimbursement for the supplies. It should be noted that the Trustee’s grandson was also the Town’s coordinator for Emergency Management.

In addition, check number 3615, dated August 4, 2003 in the amount of \$55.33, was issued to the Mayor’s son. From an invoice obtained, it appears it was a reimbursement for spark plugs, air, oil, and pre filters for the Fire Department vehicles and not contract labor.

Though this situation may have the appearance of impropriety, there are no statutes or Town Ordinances that prohibit such a transaction.

**RECOMMENDATION:** A recommendation is not necessary.

*“There are numerous expenditures of the police department w/o P.O. approval by the Board at council meetings.”*

**FINDING NO. 4:** We noted in Town Minutes, dated August 20, 2002, the discussion and approval of a purchase order system for expenditures, which states as follows:

“9. Discussed use of Purchase Orders before any purchases can be made. Bill Sowders made the motion to use PO's before any purchase made and Joe Cragle seconded the motion with all approving.”

The Town Clerk/Treasurer informed our office that she was unaware of the vote for all purchases to be accompanied by a purchase order. She thought that just purchases over \$200.00 would have to be approved by the Board prior to the expense. This appears to be an unwritten rule. The procedure of purchasing supplies and goods without prior approval is not isolated to the Police Department. It appears that all Town departments also purchase goods without prior assurances that appropriations are available.

The purpose of a purchase order system is to ensure that funds are available for the expense. It is usually only after the fact that the Town Clerk/Treasurer knows supplies and goods have been ordered. It is the Town Clerk/Treasurer's responsibility to ensure that the funds are there (otherwise known as an encumbrance officer) before approving the expense.

In addition, we noted that the Town has not established an Ordinance for purchasing procedures.

**62 O.S. 2001, §310.1.(A)**, states in partial part,

**“Municipalities—Purchasing procedures**

A. Unless otherwise provided by ordinance, municipal officers, municipal boards, commissions and designated employees, hereinafter referred to as the purchasing officer, having authority to purchase or contract against all budget appropriation accounts as authorized by law shall submit all purchase orders and contracts prior to the time the commitment is made, to the officer charged with keeping the appropriation and expenditure records or clerk of the municipality, who shall, if there be an unencumbered balance in the appropriation made for that purpose[.]”

**RECOMMENDATION:** We recommend the Town adopt an Ordinance and/or Resolution to adhere to the Purchase Order Law as outlined at **62. O.S. 2001, §310.1 A** through **§310.9** or establish an alternate method of the purchasing process as allowed by **11 O.S. 2001, § 17-102 A**. This would ensure that expenditures are not in excess of budgeted appropriations as prescribed in **11 O.S. 2001, § 17-211**.

**IV. CONCERN:** *Possible irregularities in grant expenditures.*

**FINDING:** The Town of Cromwell applied for a Local Law Enforcement Block Grant (LLE) from the District Attorney's Counsel (DAC) in December 2002 to purchase a new police vehicle. The

Town was awarded \$9,500.00 with a cash match of \$1,055.56 for a total of \$10,555.56. The funding period for the award was April 1, 2003 through September 30, 2003.

We noted two invoices from Pursuit Motors Inc. for a 1999 Ford Crown Victoria in the amount of \$10,555.56. The first invoice is dated March 12, 2003 and the second invoice is dated April 7, 2003. All other information on the invoice is identical. We noted correspondence from the DAC dated May 13, 2003, which states in part,

"It has come to the attention of our office that the vehicle to be purchased with the 2002 LLE Block Grant funds was purchased prior to the award period of April 1, 2003. Lori Simmons, the program monitor called and spoke with Scott Weaver regarding the purchase after she received the first set of award documents on

March 31, 2003, with the invoice of the car enclosed. She called stating it was an unallowable expense and that the car needed to be returned and purchased after April 1. This was also emphasized at the mandatory financial meeting that was attended by Scott Weaver on March 14, 2003. Anything purchased prior to April 1, 2003, would be deemed an unallowable expense and could not be charged to the grant. The invoice states that it was purchased on March 12, 2003, and the insurance coverage started on March 17, 2003.

We also received a call from the town's previous city clerk on May 1, 2003. Ms Dianne Bullock indicated that the car was not returned but that the invoice was altered to show that it was purchased on April 7, 2003. Therefore, we cannot accept this as an allowable expense and your grant must be forfeited."

The Town's Chief of Police, Scott Weaver, explained the incident of the purchase of the police vehicle in a letter dated May 20, 2003, to the District Attorney's Council, which states in part,

"Before I went to the class I had been out trying to find a police car that we could get when we got the money. I found one at Pursuit Motors with low miles and fully equipped for the amount of the grant. The owner of Pursuit Motors was just about to go out of business and he let us take the car back and use it while we were waiting on our grant to come in, at which time we were to buy a car. I had the owner give me an invoice so that I could show the City Council what we were going to be paying for the car and about the car. We were going to get a real invoice when we paid for the car. The City Clerk sent this form to you and I received a call from Lori at your office stating that I could not buy the car until after April/03. I advised her that we had not bought the car but was using it until we got the grant. She advised me to have an invoice dated after April/03 and to send it. I then got the owner of Pursuit Motors and had him send me the proper invoice and a non-collusion affidavit..."

On about May 17, 2003, we received a letter from your office addressed to the Mayor stating that our grant was forfeited and that the Ex-City Clerk had called to advise you that the invoice was altered and that we had paid for the car. We have not paid for the car nor did we alter the invoice. I spoke to DeLynn Fudge about all of this and I was told that I might be able to use this grant to get a different car. I would like to ask for the same amount of our grant money to find a different car for the Town of Cromwell to buy."

We reviewed the Town's General ledger for the months of February, March, and April 2003 and found no expenditure to Pursuit Motors for the purchase of the police car as stated in the Chief of Police's letter.

In response to the Chief of Police's explanation, DAC gave the Town of Cromwell two options for the continuance of their grant. They are as follows:

"As a result of the discussion by the Local Law Enforcement Advisory Board, I write to inform you of the two options for the Town of Cromwell. The first option is that the Town may return the vehicle that appeared to be purchased prior to the award period and purchase a second vehicle within the award period. The second option provided offered by the Board is for the Town of Cromwell to provide a legally binding notarized affidavit that verifies that the vehicle was purchased during the award period."



It appears the Town chose the first option. A 1996 Ford Explorer was purchased with grant funds on August 12, 2003 in the amount of \$10,539.00. However, we were unable to locate discussion or approval of the purchase in the minutes.

During the June 5, 2003 Town Council meeting, the Board agreed to lease/purchase the 1999 Ford Crown Victoria. Ultimately, the Town did not purchase the Ford Crown Victoria with grant funds.

**RECOMMENDATION:** A recommendation is not necessary.

**V. CONCERN:** *Possible irregularities in hiring practices.*

*“Based on the ‘understanding’ that the current Town Clerk/Treasurer has a felony record and is facing an additional felony charge. The petitioners question, how the Board of Trustees for the Town can knowingly employ a convicted felon, in a role that has fiduciary responsibilities for the Town.”*

**FINDING No. 1:** According to records at the Seminole County District Attorney’s Office the Town Clerk/Treasurer does not have a felony record; however, the Town Clerk/Treasurer was charged with a crime. The case was recently adjudicated and the final disposition was a six (6) month deferred sentence.

A review of the policies for the Town of Cromwell did not indicate a prohibition against hiring someone who has a criminal record. A review of the appropriate State Statutes also does not include a prohibition against hiring someone who has a criminal history. In addition **11 O.S. 2001, § 12-106 (1)** sets forth the powers and duties of the Board of Trustees. It states in part,

“All powers of a statutory town board of trustees town, including the determination of matters of policy, shall be vested in the board of trustees. Without limitation of the foregoing, the board may:

1. Appoint and remove, and confirm appointments of, designated town officers and employees as provided by law or ordinance[.]”

The hiring decisions made by the Town Board of Trustees are management’s decision and not within the scope of our audit.

**RECOMMENDATION:** A recommendation is not necessary.

*“Very few of the Cromwell police officers have been certified as police officers by the Oklahoma Council on Law Enforcement Education and Training (CLEET).”*

**FINDING No. 2:** According to the CLEET field representative who reviewed the Town of Cromwell, the Cromwell Police Department was not in compliance with all of CLEET’s reporting policies; however, they did bring themselves into compliance before the CLEET review was completed.

The issue of Police officers having CLEET certification, the employees that were noted as not being in compliance, but still having time to gain compliance, were given the chance to obtain

certification. Those who were out of compliance and beyond their available time limit were removed from Police service.

**RECOMMENDATION:** A recommendation is not necessary.

**VI. CONCERN:** *Possible irregularities in traffic ticket monies.*

*“The fine for each violation is different and there appears to be no consistent fine or fees for offenders.”*

**FINDING No. 1:** According to the relevant parts of **11 O.S. §14-111(C)**,

“Municipalities having a municipal court *not of record* may enact ordinances prescribing maximum fines pursuant to the provisions of this subsection. A municipal ordinance may not impose a penalty, including fine and costs, which is greater than that established by statute for the same offense. The maximum fine for traffic-related offenses relating to speeding and parking shall not exceed Two Hundred Dollars (\$200.00). For all other offenses, the maximum fine shall not exceed Five Hundred Dollars (\$500.00).” (ea)

According to the Town of Cromwell Municipal Ordinances Section 15-601 some of the fines are not in compliance with the above-stated Oklahoma State Statute. The specific fines which appear to be out of compliance are as follows:

26-30 mph in excess of limit	\$247.00
31-35 mph in excess of limit	\$267.00
36 + mph in excess of limit	\$317.00

**RECOMMENDATION:** We recommend the proper authorities review this finding to determine what action, if any, may be necessary.

*“The monies are not being deposited in the appropriate account after the fines have been paid.”*

**FINDING No. 2:** According to the *Municipal Court Handbook 2002 Edition*, written, published and distributed by the Oklahoma Municipal Court Clerks Association. The *Ticket Accountability* Section reads in relevant parts:

“ . . . .The court must be assured, therefore, that all tickets are accounted for in order to prevent misuse of the tickets and injustice to defendants. The citation should be viewed as a court document and administered as such. The court clerk, working with the Judge and chief of police, should establish procedures to (1) match each ticket to the police officer to whom it was issued; (2) identify spoiled or missing tickets; (3) track the ticket from date of issue to last use; and (4) assure that each ticket is returned to proper authorities for final disposal.”

According to the *Municipal Court Handbook 2002 Edition*, written, published and distributed by the Oklahoma Municipal Court Clerks Association, *Accounting for Monies Collected* Section reads in relevant part:

“ . . . Monies collected by the court clerk will be either for payment of a fine, fee and/or court costs, posting of a bond, or the state penalty assessment. If the monies collected are for fines, fees, or costs, the money shall be turned over to the town treasurer for deposit to the fund designated by the municipal governing body . . . :

According to the *Municipal Court Handbook 2002 Edition*, written, published and distributed by the Oklahoma Municipal Court Clerks Association, *Internal Controls* Section reads in relevant part:

"Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- 1) The safeguarding of assets against loss from unauthorized use or disposition; and
- 2) The reliability of financial records for preparing financial reports and maintaining accountability for the assets."

From our research, interviews and reviewing material, we have found that there are no specific directives in the municipal code or policy and procedures which dictate any particular account the money will or should be deposited into; therefore, we were unable to determine depositors into the General Fund or the Municipal Court Fund. Records from previous Town Clerk/Treasurers were in such disarray; we were unable to determine the depositors.

Our fieldwork on this allegation consisted of reviewing and detailing all of the citations that have been issued over the last 5 years. The following table details issue date, starting citation number and ending citation in each book.

Of the citations listed below, the citation numbers which are within the time frame of our audit are 004751 through 005500. This means there were 749 citations possible used during our audit period.

DATE	START #	END#
09-22-2000	004251	004750
05-14-2003	004751	005000
10-31-2003	005001	005250
03-15-2004	005251	005500

Based on interviews with the Chief of Police, we learned there is no accounting for the traffic citations. The Chief does not assign specific books to specific officers. The citation books are either kept in the Police cars to be used by whomever are driving the car or they have a community citation book kept at the Police station that the officer on-duty can check out for his/her shift.

According to the Chief, the officers do not submit any paperwork to the Town when a citation is issued. The Court gets two copies, the offender one copy and a copy is available for the officer if they choose to keep it.

We developed a schedule of citations by citation number. We then reviewed a ledger book the Chief of Police maintains to track the issuance of each citation. We checked the Municipal Court dockets, the Voided Citation file, and the Municipal Court Receipt books in an attempt to determine the disposition of each citation. Based upon this review, we attempted to trace the known issued citations through the Municipal Court records to the actual deposit of funds for each citation that was a result of a determination of guilt or a plea of guilty, as offered by the traffic offender. We noted hundreds of tickets that were impossible to trace. We also noted many deposits that appeared to be possible traffic fines; however, due to the state of those records, we were unable to determine the identity of the deposits.

Since we only had access to the known citations and there is no accountability over the citations, we were unable to determine how many citations were issued during the audit period. We were able to document that 749 citations were available for use during the period of our audit, FY 2004.

Of the 749 citations available during the period of our audit, FY 2004, we noted 20 citations that had been issued, receipted, but no verifiable deposit of the money. The total amount of the 20 citations is \$2,442.00.

Of the 749 citations available during our audit period, we noted 181 citations that had been issued, but no record of money being receipted or deposited for these citations.

For our audit period, we noted 284 citations that could not be accounted for. In an attempt to account for the citations, we reviewed the current citation books, the voided citation file, the municipal court records, and the green book ticket log (maintained by the Chief).

Of the available citations that we could identify that were issued during our audit period, we determined the Town of Cromwell had \$11,321.00 available to deposit. A comparison of the deposits received by Security State Bank, during our audit period, shows that \$39,747.52 was deposited into the Municipal Court Account, during FY 2004, a difference of \$28,426.52.

**RECOMMENDATION:** We recommend the Police department develop and implement a program that provides accountability and inventory control for the traffic citations. Furthermore, we recommend the Town of Cromwell administration develop and implement a program and policy that provides accountability of traffic citation monies. In addition, this program should ensure that all traffic monies have been received and deposited into the appropriate bank account. The program should also address the information that should be recorded on each bank deposit ticket. There should be documentation that positively identifies a specific deposit item to each deposit ticket, which is stamped as received by the financial institution.

*“Another QuickBooks report was provided, wherein it appears that the Clerk is paying money out of the Municipal Court fund, back to the alleged violators.”*

**FINDING NO. 3:** Based on interviews, review of the reports and analysis of the data, this allegation is once again based on inaccurate data contained in the Quickbooks report. In addition, this allegation is a result of the way the accounting software program was initially set-up. What appears to be payments to the traffic violator, are actually the transfer of funds from the Town’s Municipal Court Fund account to the Town’s General Fund account.

**RECOMMENDATION:** A recommendation is not necessary

#### **OTHER FINDINGS**

**FINDING NO. 1:** The Town is in default on making their annual contribution payments to the Oklahoma Firefighters Pension and Retirement System for their volunteer fire department.

Administration and Government  
CHAPTER 5

FIREFIGHTERS PENSION AND RETIREMENT FUND

Section 2-501 Contributions to fund.

SECTION 2-501 CONTRIBUTIONS TO FUND.

A. For each volunteer member of the fire department, the City clerk-treasurer shall deposit with the Oklahoma Firefighters Pension and Retirement Board the amounts of money as established and required by state law. These amounts may be revised according to actuarial studies and amounts as set by the Oklahoma Firefighters Pension and Retirement Board.

B. All assets of the City firefighters pension and retirement fund shall be transferred to the Oklahoma Firefighters Pension and Retirement Board. Assets shall be transferred in the form of cash, negotiable securities and such other specific assets as permitted by the State Board.

State Law Reference: Firefighters pension law, 11 OS. Section 49-122.

After a review of the General Fund bank statements, it was noted that payments from the Town of Cromwell to the Oklahoma Firefighter's Pension and Retirement System stopped in late 2003. Checking with that retirement system, we learned the Town of Cromwell is in arrears for their 2004 contributions. Representatives for the retirement system reported they have requested payment from the Town for the funds in arrears.

**RECOMMENDATION:** We recommend the Town of Cromwell pay their contribution for 2004. In addition the Town should be making preparations for the 2005 payment, which is due in July.

*"The Town Clerk/Treasurer who was hired in November 2003, attested and signed an official Town document with a date of August 4, 2003, which was 3 months before she was hired and in office".*

**FINDING NO. 2:** The document in question is a portion of the parking ordinances, which were adopted by the Town of Cromwell. The document is dated "passed and approved" August 4, 2003 and attested to by the Town Clerk/Treasurer. The Clerk who signed this document was not employed as the Clerk in August of 2003.

This information is taken from an order issued by the municipal court for the Town of Cromwell, issued by Judge John E. Lively, on August 17, 2004.

by the Mayor of the Town and unattested to by the City Clerk. Contained within said Book of Ordinances is a certain Chapter 6 providing for penalties which bears the signature of then-Mayor, Juanita Wimberly, dated August 4, 2003 and attested to by Lori Harrison -Clerk/Treasurer.

The actual document that was attested to by the Town Clerk/Treasurer is as follows:

WHEREAS, it being immediately necessary for the preservation of the peace, health and safety and public good of the Town of Cromwell, and the inhabitants thereof, that the provisions of this ordinance be put into full force and effect, and an emergency is hereby declared to exist by reason whereof this ordinance shall take effect and be in full force from and after its passage, as provided by law.

PASSED AND APPROVED this 4 day of August, 2003.

### HOW IS THIS SIGNED?

Vanita Wimberly (Mayor)

ATTEST:

Jodi Harrison / Clerk-Treasurer

Based upon interviews with the Town Clerk/Treasurer, she said she was directed to sign and date the above document by the Town Attorney. The Clerk said that she was concerned about dating the document to a date prior to her service and she voiced those concerns to the Town Attorney. The Town Attorney sent the Town Clerk/Treasurer a letter directing her to sign and date the document. Below is the relevant part of the letter:

" . . . Enclosed is a new final page of the ordinance that changed the traffic fines.

It will be appropriate to have the Mayor sign and for you to attest since you are the Town Clerk at the time the Mayor signs. The date needs to be filled in as of the date the ordinance or resolution was passed."

**RECOMMENDATION:** We recommend the proper authorities review this finding to determine what action, if any, may be necessary.

**FINDING NO. 3:** The Town does not maintain an inventory list of equipment and vehicles for municipal departments.

**RECOMMENDATION:** We recommend the Town maintain an inventory listing of equipment and vehicles (i.e., date of purchase, amount, from whom purchased, serial numbers etc.) to ensure that Town assets are properly accounted for. This would also include large donated items that might have an effect on the Town in the event of theft or natural causes for insurance purposes. (Note: The Town's accounting software has a "fixed asset list" included under its "Lists" module. This software has the capability to record, track and report fixed asset information, including: asset name/number, asset account, [could be used for departments], purchase description, new or used, purchase information including date, cost, vendor and P.O. number, asset description, location, serial number and a field for other notes or comments.)

**FINDING NO. 4:** While reviewing the former Chief of Police's monthly reports to the Board, it is apparent the Town has had problems in the past of the return of Police equipment and uniforms of former reserve and part time officers. Currently, the Town maintains a Police "check out" list. However, there are no written policies to insure the items are returned. The Chief of Police informed our office that since the reserve officers volunteer their time to the Town, the Town could only send notices to the former officer requesting the items be returned. If there is no response, the Town will send notification to CLEET and/or the District Attorney informing them that Town-owned equipment has not been returned.

**RECOMMENDATION:** We recommend the Town Board of Trustees adopt written polices and procedures for the return of Town Police equipment and uniforms from former officer's.

**FINDING NO. 5:** While reviewing Fire Department transactions, it was noted the Department maintains a bank account, separate from Town coffers. The Fire Chief informed our office that since he could not get a proper accounting of Department balances, it was decided to open an account for fundraising revenues to buy miscellaneous items without going through Town Hall.

**11 O.S. 2001, § 12-110 (1-2)** states in part,

"The town treasurer shall be an officer of the town. The town treasurer shall:

1. maintain accounts and books to show where and from what source all monies paid to him have been derived and to whom and when any monies have been paid; and
2. deposit daily funds received for the town in depositories as the board of trustees may designate[.]"

Since the Fire department has fundraising activities under the said color of the Town, all monies derived from donations and fundraisers should be deposited with the Town Treasurer. This eliminates the Fire Department's responsibility of accounting for monies that have not been properly receipted or possibly misappropriated. In addition, it would bring the Fire Department in compliance with State Statutes.

**RECOMMENDATION:** We recommend the Board of Trustees enforce compliance with State Statutes. This would ensure that all monies raised or donated under the color of the Town are properly documented and accounted for. In addition, the Town Treasurer/Clerk should issue receipts for all monies received as to form of payment, payor, and to which department the monies belong.

**FINDING NO. 6:** Based upon observation and interviews, it was determined the Town of Cromwell did not have the basic general control of "segregation of duties" implemented. They currently have the Town Clerk/Treasurer receiving payments, entering those payments into the computer, creating the deposits for those payments, and making the deposits at the Bank.

**RECOMMENDATION:** We recommend the Town of Cromwell Trustees develop and implement general controls that create a segregation of duties for receiving and depositing monies into the Town of Cromwell bank accounts.

\* \* \* \*

There may have been other areas of concern expressed by patrons of the Town, which are not addressed. Because they were noted to be either (1) unfounded, or (2) sufficient information was not available to reach a definite conclusion, they are not set out and discussed in this report.

Throughout this report there are numerous references to state statutes and legal authorities, which appear to be potentially relevant to issues raised by the patrons 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 Town or any of the individuals named in this report or acting on behalf of the Town 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 Town 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.