

CITIZENS PETITION REQUEST

CROOKED OAK PUBLIC SCHOOLS

July 1, 2011 through November 30, 2014



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

CROOKED OAK PUBLIC SCHOOLS
OKLAHOMA COUNTY, OKLAHOMA
CITIZENS PETITION REQUEST
JULY 1, 2011 – NOVEMBER 30, 2014



Report Highlights

WHY WE CONDUCTED THIS AUDIT

Pursuant to a petition submitted by the citizens of the Crooked Oak Public School District and verified by the Oklahoma County Election Board and under the requirements of 74 O.S. § 212(L), the State Auditor and Inspector conducted an investigative audit of the Crooked Oak Public Schools.

WHAT WE FOUND

- Between July 2013 and August 2015, Michael Robinson, a support employee of the District, was paid \$105,714.68 or \$59,229.78 in excess of his authorized compensation. No approvals or contracts could be provided for any of the additional compensation paid.
- False timesheets were utilized in the payment of Michael Robinson.
- Superintendent Bradley Richards received an increase in salary of \$19,220.92 and stipends of \$600 that were not provided for in his contracts as required by law.
- The District did not maintain proper control of activity event revenue, resulting in lost revenue of at least \$700.
- The Clerk credited almost \$7,000 of activity fund revenue to subaccounts without Board approval.
- Superintendent Richards incurred a \$25,500 debt against the District that was not Board approved or timely encumbered, and was paid outside the correct fiscal year.
- The Clerk destroyed credit card statements and logs that were essential in the documentation of credit card expenditure activity.
- Vehicle use logs were not properly completed and vehicle usage was not documented in accordance with school policy.
- The District provided cell phone service to a school board member, continuing to pay for the service eighteen months after the individual no longer served on the Board.
- The District incurred a cost of \$2,513.90 for a phone that was not used.
- Wi-Fi devices paid for by the District were, at times, used for personal purposes.
- The District sold surplus property without Board approval and records were not maintained for all sales.
- Additional findings are noted in this report.



Oklahoma State Auditor & Inspector

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September 20, 2016

To the Petitioners and Citizens of the
Crooked Oak Public School District:

Pursuant to your request and in accordance with the requirements of **74 O.S. § 212(L)**, we performed a petition audit of the Crooked Oak Public School District for the period July 1, 2011 through November 30, 2014.

The objectives of our audit primarily included, but were not limited to, the concerns noted in the citizens petition. The results of this audit, related to these objectives, are presented in the accompanying report.

Because the investigative procedures of a petition audit 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 Crooked Oak Public Schools for the period July 1, 2011 through November 30, 2014.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide services to the taxpayers of Oklahoma is of utmost importance. We also wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

This report is addressed to and is for the information and use of the petitioners and citizens of the Crooked Oak Public School District. This report is also a public document pursuant to the **Oklahoma Open Records Act** in accordance with **51 O.S. §§ 24A.1, et seq.**

Sincerely,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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School Officials

Board of Education
(As of January 2016)

Scott TrosperPresident
Sherri Maynard Vice-President
Tammy Carpenter Member
Guadalupe Rodriquez..... Member
Katie Conway..... Member

Superintendent
(July 2012 – Current)

Bradley Richards

INTRODUCTION

The Crooked Oak Public School District Number 53, Oklahoma City, Oklahoma (hereinafter the “District”) is part of the Oklahoma State System of Public Education as described in **70 O.S. §§ 1-101 *et seq.***, of the **Oklahoma School Code**.

The governing body of the District is the Board of Education (hereinafter the “Board”). As provided for in **70 O.S. § 5-117**, the Board shall have the power to maintain and operate a complete public school system of such character as the board of education shall deem best suited for the needs of the school district. The superintendent acts as the executive officer of the District.

In a petition verified by the Oklahoma County Election Board on January 5, 2015, the citizens of the Crooked Oak Public School District requested the assistance of the Oklahoma State Auditor and Inspector in conducting an audit of the following alleged inappropriate financial activity and misuse of school assets.

- Review questionable and/or improper compensation of current or former personnel and determine the time frame for each alleged incident.
- Review board policies, procedures, and custodial recordkeeping for possible irregularities in payment for work-related injuries.
- Review board policies, procedures, and custodial recordkeeping for possible irregularities in school activity fund accounts.
- Review board policies and district general administrative expenditures, including the use of school vehicles and the possible conversion of public assets to personal use.

These allegations are reported on as ‘Objectives’ in the following pages of this report. An additional ‘Objective’ defined as ‘Other Issues’ is also included, encompassing issues noted during our investigation that were not part of the petition allegations.

OBJECTIVE 1

COMPENSATION

Summary of Findings:

- Between July 2013 and August 2015, Michael Robinson, a support employee of the District, was paid \$105,714.68 or \$59,229.78 in excess of his authorized compensation. No approvals or contracts could be provided for any of the additional compensation paid.
- False timesheets were utilized in the payment of Michael Robinson.
- The timesheet approval process was inadequate, ineffective and at times fabricated.
- Employees were paid \$10.60 per round trip for transportation routes made during regular work hours. This pay was in addition to being paid for their regular work schedule during the same period and was not included in contract pay.
- Superintendent Bradley Richards received an increase in salary of \$19,220.92 and stipends of \$600 that were not provided for in his contracts as required by law.
- Lisa Hibbert, a substitute teacher, was paid at the certified substitute teacher's rate, although she was not a certified teacher, resulting in an overpayment of \$1,447.50.
- During FY15, Lisa Hibbert worked more days as a substitute teacher than policy allowed, resulting in an overpayment of \$1,527.50.
- Lisa Hibbert's employment was not nepotism as defined in statute.
- A District teacher was overpaid \$9,000 for extra-duty assignments.

Unauthorized Pay

Finding

Between July 2013 and August 2015, Michael Robinson, a support employee of the District, was paid \$105,714.68 or \$59,229.78 in excess of his authorized compensation. No approvals or contracts could be provided for any of the additional compensation paid.

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Michael Robinson was employed in the position of Maintenance with the Crooked Oak School District in December 2012. His employment was approved by the Board, but no contract could be provided for FY13.

According to **70 O.S. § 5-123**:

No expenditure involving an amount greater than Five Hundred Dollars (\$500.00) shall be made by a board of education except in accordance with the provisions of a written contract or purchase order.

Further clarification of this issue has also been addressed in Attorney General Opinion **1982 OK AG 62** which reflects:

“It is, therefore, the official opinion of the Attorney General that a local school district must have a written contract with any support employee where the remuneration for services exceeds Five hundred dollars (\$500.00).”

In April 2013, in addition to completing a regular timesheet, Robinson began submitting a ‘Transportation Time Sheet’ documenting ‘Routes’ made transporting students in a school vehicle. These ‘Routes’ were paid at a rate of \$10.60 per roundtrip, in addition to Robinson’s groundskeeper/maintenance pay. No written contract or documented approval was found for this pay for anytime during his employment.

Transportation Time Sheet

Crooked Oak Transportation Time Sheet				
Month/Year: <u>April - 2013</u>		Name: <u>Michael D. Robinson</u>		
Dates	Routes	In Town	Out of Town	Hours
	10.60	22.00	28.00	7.25
1				
2				
3	/			
4	/			
5	/			

In June 2013, Robinson began submitting a log of alarm responses. Robinson was paid one hour of overtime, or time and a half, for each alarm response. No written contract or documented approval was found for this pay for anytime during his employment.

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Alarm Response Timesheet

24		<i>Alarm Response</i>		
25				
26				
27		"	"	
28		"	"	
29				
30				
31				
TOTAL				

Driver Signature: *Michael D. Robinson* Date: _____

Supervisor Signature: *Bradley M. Richards* Date: *7.1.2013*

10.15

Superintendent Richards acknowledged entering into a *verbal* agreement with Robinson in July 2013, to pay Robinson approximately four hours of overtime each day for working around the campus, for campus security, and for responding to alarms. The overtime pay had no specific assigned duties or hours. The overtime pay was in addition to regular pay, the pay for "Routes", and the pay for alarm responses. No written contract or documented approval was provided for the overtime pay.

Overtime Pay Timesheet

MONDAY						
TUESDAY						
WEDNESDAY						
THURSDAY						
FRIDAY	<i>Sandy</i>	<i>10.00</i>			<i>2.00</i>	<i>7</i>
TOTAL WEEKLY						

ENTERED

MONDAY	<i>7-22-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
TUESDAY	<i>7-23-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
WEDNESDAY	<i>7-24-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
THURSDAY	<i>7-25-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
FRIDAY	<i>7-26-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
TOTAL WEEKLY						

MONDAY	<i>7-29-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
TUESDAY	<i>7-30-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
WEDNESDAY	<i>7-31-13</i>	<i>4:30</i>			<i>9:00</i>	<i>4.5</i>
THURSDAY						
FRIDAY						
TOTAL WEEKLY						

TOTAL HOURS: *40* *1 1/2*

EMPLOYEE'S SIGNATURE: *Michael D. Robinson*

SUPERVISOR'S SIGNATURE: *Bradley M. Richards*

time and a half
24.5
13.5
40.7

40
+ 5 hrs (Alarm)
45

As of July 2013, Robinson was submitting a timesheet for his contract job, a timesheet for his overtime hours, an 'Alarm Response Log' and when school was in session he also submitted a 'Transportation Time Sheet' for 'Routes'. No written contracts or documented approvals were found for any sources of pay other than his base pay.

Robinson's FY14 contracts reflected he was to be paid \$20,740.80. He was paid a total amount of \$48,282.85 in FY14, \$27,542.05 more than his approved contract amount.

Robinson's FY15 contracts reflected he was to be paid a total of \$21,582.90. He was paid a total amount of \$50,002.89 in FY15¹, \$28,419.99 more than his approved contract amount.

Summary of Pay			
Year ²	Contract Pay	Actual Pay	Excess Pay
FY 14	\$20,740.80	\$48,282.85	\$27,542.05
FY 15	\$21,582.90	\$50,002.89	\$28,419.99
FY 16 ³	\$4,161.20	\$7,428.94	\$3,267.74
Totals	\$46,754.90	\$105,714.68	\$59,229.78

It should also be noted that between January 2013 and July 12, 2013, Michael Robinson was also employed fulltime with the Town of Spencer. Almost every week during this time period, Robinson reported a 40-hour plus work schedule with the Spencer Police Department.

Finding

False timesheets were utilized in the payment of Michael Robinson.

According to Robinson, he did not personally complete his timesheets. He stated Louise Wallace, Administrative Support for Transportation, completed his timesheets and he signed them. Robinson could not verify that any of the time reported on the timesheets was accurate. Wallace admitted that she completed the timesheets for Robinson, and that she did not know what hours he actually worked.

Wallace also asserted that Crooked Oak's former Director of Finance, Kathy Hamilton, changed some of the timesheets and indicated to Wallace that the timesheets should document a total of 115 overtime hours each month.

Robinson's December 2014 overtime timesheet⁴ did not document any specific daily work hours, but indicated Robinson had a total of 109 overtime hours. An additional six hours were written in for "Alarms" with a total of 115 hours of overtime claimed.

¹ Compensation by Detail for FY15 is shown at Exhibit 1.

² FY13 numbers were not reported since no official contract was in place.

³ Only includes July and August 2015. Robinson went to straight salary pay, effective September 2015.

⁴ See Exhibit 7 for the December 2014 time sheet.

Ten of Robinson's overtime timesheets submitted between June 2014 and April 2015, totaled exactly 115 hours of overtime. No explanation of the overtime hours could be provided.

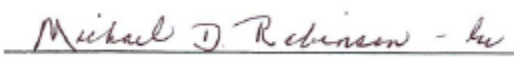
For the months of July 2013, August 2013, and June 2014 through August 2015⁵, timesheets indicated Robinson worked from 6:30am until as late as 12:30am. Everyday worked reflected a minimum of 12 hours and as much as 18 hours worked per day without any breaks.

According to Robinson's February 2015 regular timesheet, he took three personal leave days; but through other time reporting, Robinson claimed 16.5 hours of overtime and documented 15 suburban runs on those three leave days.

Robinson claimed eight hours of overtime on Thanksgiving Day 2014, and 39 hours of overtime Thanksgiving week.⁶ The regular timesheet reflected no hours on the days of Thanksgiving break, but claimed 10 hours per day in the monthly total.⁷

In July 2015, the timesheet reflected four days of vacation was taken. On each of those four days, 5.5 hours of overtime was claimed.

As acknowledged by Robinson, he did not prepare any of his timesheets, but did sign most of them. However, it was noted in April 2013, that Robinson's name was signed by someone besides Robinson, noted as "lw".

EMPLOYEE'S SIGNATURE	
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What appears to be the same signing of Robinson's name was found on the June 2013, July 2014, and the August 2014 timesheets. Louise Wallace admitted to occasionally signing Robinson's name.

Finding

The timesheet approval process was inadequate, ineffective and at times fabricated.

Timesheets require the signature of an employee's supervisor. A visual review of Robinson's timesheets disclosed three different individuals had signed off as the supervisor.

⁵ Timesheets were not available for September 2013 through May 2014.

⁶ See Exhibit 5 for the overtime claimed in November 2014.

⁷ See Exhibit 6 for the time reported for November 2014.

Ernest Staton, Maintenance Supervisor, signed several of the timesheets for 2013; Superintendent Richards signed several of the timesheets in 2013 and most of 2014; and Dennis Berry, Director of Operations, signed the timesheets beginning in 2015.

Staton signed as Robinson's supervisor, but admitted it was more in name only. Staton stated he did not make a work schedule for Robinson and did not authorize any overtime. Staton could not say what hours Robinson worked or what he did when he was working. Staton could not verify that the timesheets were accurate.

Superintendent Richards admitted to signing some of the timesheets for Robinson but stated he was basically "rubber stamping" them. He could not verify Robinson's timesheets were accurate.

According to Dennis Berry, when he began approving timesheets he initially believed the hours to be correct, he later discovered the hours were not being reported accurately. Berry and Richards decided to wait approximately two months until the end of the 2015 school year to correct the problem.

On August 13, 2015, Robinson signed a contract to become the School Resource Officer at an annual salary of \$36,000. Since October 2015, Robinson has received only his contracted salary.

Finding

Employees were paid \$10.60 per round trip for transportation routes made during regular work hours. This pay was in addition to being paid for their regular work schedule during the same period and was not included in contract pay.

During FY15, payroll records reflected⁸ that Michael Robinson claimed approximately 519 routes in a school vehicle. These routes were made during the school day, in the course of regular work hours, and paid on top of contract pay.

Robinson acknowledged he made two "suburban runs" nearly every day to the Dale Rodgers Training Center. He also completed routes to the homeless shelter and other places as needed, sometimes driving as many as seven or eight routes in a day.

⁸ Runs or routes driven were claimed on a 'Crooked Oak Transportation Time Sheet' and paid at \$10.60 per run.

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Routes were documented on a 'Transportation Time Sheet' as shown below. During FY15 Robinson was paid \$5,501.40 for routes. (This amount is included in the above referenced \$59,229.78 of excessive pay.)

Crooked Oak Transportation Time Sheet				
Month/Year: <u>October - 2014</u>		Name: <u>Mike Robinson</u>		
Dates	Routes	In Town	Out of Town	Hours
	10.60	22.00	28.00	7.25
1	2			
2	2			
3	2			

Louise Wallace served as a monitor on routes driven in the transporting of special-needs children. In FY15, Wallace also reported time for approximately 539 routes.

During FY15, Wallace was paid \$5,713.40 above contract pay for routes, at a rate of \$10.60 per roundtrip. These additional duties and pay were not included in Wallace's employment contracts.

According to Dennis Berry, Director of Operations, payment for routes driven was eliminated beginning in FY16.

Superintendent's Compensation

Finding

Superintendent Bradley Richards received an increase in salary of \$19,220.92 and stipends of \$600 that were not provided for in his contracts as required by law.

Title 70 O.S. §5-141(D) states in part:

The school district shall not be authorized to pay any salary, benefits or other compensation to a superintendent which is not specified in the contract on file ...

Superintendent Richards received an increase in salary of \$19,220.92 in March 2013, approved in the February 21, 2013 board meeting. The school could not provide an addendum to his contract for this increase, and no contract adjustment or addendum was filed with the State Department of Education.

Richards also received three stipends or bonuses in FY 13, totaling \$600. None of the stipends or bonuses were included in Richards' contract. No contract addendums could be provided for these payments.

Substitute Teacher

Finding **Lisa Hibbert, a substitute teacher, was paid at the certified substitute teacher's rate, although she was not a certified teacher, resulting in an overpayment of \$1,447.50.**

Lisa Hibbert was the daughter of a school board member, prompting her employment as a substitute teacher to be questioned by the citizen petitioners.

In FY13 and FY14, the rate for non-certified substitute teachers was \$55 per day, and for certified substitute teachers was \$65 per day. In the June 19, 2014 school board meeting, the per day pay for substitute teachers was increased for FY15 to \$65 for non-certified substitutes and \$75 for certified substitutes.

Hibbert's timesheets and payroll records were reviewed for FY13, FY14, and FY15. In FY13 and FY14, Hibbert received \$65 per day which was the rate for certified substitutes.

From August 2014 through December 2014, Hibbert was also paid at the \$75 certified rate. Beginning in January 2015, Hibbert's pay was changed to the non-certified rate of \$65.

Hibbert was paid the certified substitute teacher rate even though she was not a certified teacher. Hibbert did hold an Associate's Degree but was not certified to teach.

Hibbert was overpaid \$377.50 in FY13, \$555.00 in FY14, and \$515.00 in FY15. Overpayments for all three years totaled \$1,447.50.

Finding **During FY15, Lisa Hibbert worked more days as a substitute teacher than policy allowed, resulting in an overpayment of \$1,527.50.**

School board policy for *Substitute Teachers* states:

"No substitute teacher shall be employed for a total period of time in excess of seventy (70) school days during a school year unless she/he is the holder of a valid certificate."

Review of Hibbert's timesheets for FY15 showed Hibbert worked a total of 93.5 days. Since Hibbert is not a certified teacher, she should have been limited to working 70 school days during FY15. The extra 23.5 days worked resulted in an overpayment of \$1,527.50.

Finding **Lisa Hibbert’s employment was not nepotism as defined in statute.**

As noted previously, Lisa Hibbert was the daughter of a school board member. A citizen petitioner questioned her employment as possible nepotism.

Title **70 O.S. § 5-113(C)** states:

The provisions of this section shall not prevent a person who is related to a member of the board of education within the second degree of consanguinity or affinity from being employed by the school district as a substitute teacher pursuant to the provisions of Section 6-105 of this title or as a temporary substitute support employee if the school district has an Average Daily Membership (ADM) of less than five thousand (5,000).

Since Crooked Oak has a weighted ADM of 1,370.88, Hibbert’s employment as a substitute teacher would appear to be allowed under law.

However, District policy on *Nepotism* states the following:

“The school district will not consider for employment any relative of a board member who is related within the second degree by affinity or consanguinity to the board member.”

Though statute would allow Hibbert to work for the District, school policy appears to be more restrictive and would possibly prohibit Hibbert’s employment.

Extra-Duty Pay

Finding **A District teacher was overpaid \$9,000 for extra-duty assignments.**

In FY13, an employee was contracted to receive their basic salary plus pay from three extra-duty assignments at \$1,000 each.

District LEP Director	\$1,000
Elementary Test Coordinator	\$1,000
Elementary LEP Coordinator	\$1,000

When the three extra-duty assignments were entered into the payroll system, one assignment amount was entered as \$10,000 instead of \$1,000. This error went undetected until the FY13 audit conducted by the school’s independent auditor.

According to Superintendent Richards, since the error was the Districts, and it was discovered a substantial time after the payment was made, it was decided no repayment would be sought.

Employment Lawsuit

An Objective of the ‘Citizen Petition’ included a request that our investigation include a “Review [of] questionable and/or improper compensation of current or former personnel and determine the time frame for each alleged incident”. One specific concern brought to our attention was possible improper compensation paid an Administrative Assistant with the District.

The employee in question was granted, a one-year ‘Medical Leave of Absence’ without pay in March 2011. During this ‘Leave of Absence’ it was alleged that the employee was compensated for benefits although he did not work the required hours necessary to cover the cost. It was also alleged that after the employee returned from leave in April 2012, he received full pay without working full-time hours.

The employee filed a lawsuit against the Crooked Oak School District in July 2015, concerning personnel and payroll matters. A Settlement Agreement was signed on January 5, 2016. As part of the Agreement, the employee resigned his position with the District effective June 30, 2016.

The records and files concerning these events were reviewed; however, given that a lawsuit had been filed and a settlement reached, we chose not to report further on these matters.

OBJECTIVE 2 WORKERS COMPENSATION

Summary of Findings:

- **We found no evidence that work-related injuries had not been reported to the Workers Compensation Commission as required.**
- **Workers compensation injury reports filed contained conflicting data.**

Finding

We found no evidence that work-related injuries had not been reported to the Workers Compensation Commission as required.

Citizen petitioners expressed a concern that irregularities existed in the alleged payment of work-related injuries. The concern was specifically defined as an incident in which a bus driver was injured while driving a school bus and the school paid for his medical treatment without properly filing workers' compensation.

School board policy concerning *Workers' Compensation Insurance* states:

"It is the policy of the Crooked Oak Board of Education that when an employee is **absent from work** due to a job-related illness and/or injury, compensation will be made to the claimant by the workers' compensation carrier." [Emphasis added]

Oklahoma Administrative Code 810:10-1-4 states in part:

810:10-1-4. Reporting injuries or deaths

(a) Employer's first report of injury.

(1) Within ten (10) days after the date of receipt of notice or of knowledge of death or injury that results in more than three days' absence from work for the injured employee, the employer shall send a report thereof to the Commission as provided in 85A O.S. § 63, on a form prescribed by the Commission that includes, in addition to other required information, the worker's full name and date of birth, and the last four digits of the worker's Social Security number. The report shall be known as the Employer's First Notice of Injury. The employer also shall send the report to the employer's insurance carrier, if any, within the ten day period.

We reviewed the specific incident provided by the concerned citizens. Worker's Compensation Commission CC-Form-2 dated September 9,

2014, indicated the employee in question sustained a work-related injury while driving a school bus.

The Occupational Injury or Illness Report⁹ indicated medical treatment was offered and refused by the employee. The employee returned to work the next day, September 10, 2014.

On September 19, 2014, the employee had an appointment with a doctor. Based on an invoice from the hospital, Purchase Order #11-318 dated October 27, 2014, was issued in the amount of \$455 to the Purcell Municipal Hospital for this visit. The employee did not miss any work due to the injury.

Since the injury sustained by the employee did not result in any absence from work, it appears the District was not required to report the injury to the Workers Compensation Commission or seek compensation from the workers' compensation insurance carrier.

Finding

Workers compensation injury reports filed contained conflicting data.

In addition to the specific concern noted above, accident reports were reviewed for 2013 and 2014, with a focus on reports that did not indicate a claim had been filed with the Workers Compensation Commission.

During the course of our review, we found two instances where the reports contained conflicting dates or times of the injury, but found no evidence that workers compensation claims were not being filed as required.

- Conflicting time of injury: An OSAG form indicated an employee was injured at 12:45pm, while the Form 2 stated the employee was injured at 3:45pm.
- Conflicting date of injury: Form 2 stated the date of an injury was October 29, 2014, while the OSAG form reflected the date of the injury as October 30, 2014. This form also did not indicate if medical treatment away from the job site was offered to the employee.

We recommend that management ensure all injury forms are properly and accurately completed and that all workers compensation claims are filed in accordance with law.

⁹ Form filed with the Oklahoma School Assurance Group (OSAG)

OBJECTIVE 3

ACTIVITY FUNDS

Summary of Findings:

- The District's activity fund procedures continued to reflect a lack of segregation of duties and internal controls. The Activity/Event Money Logs were not properly completed or signed, and changes were made to the Log without proper approvals.
 - The District did not maintain proper control of activity event revenue, resulting in lost revenue of at least \$700.
 - The Clerk credited almost \$7,000 of activity fund revenue to subaccounts without Board approval.
 - Funds were expended from activity fund subaccounts for purposes not approved by the Board.
 - District employees failed to deposit activity funds collected on a daily basis, or as required by statute.
-

Activity Fund Receipts

Citizen petitioners alleged the District had mismanaged activity fund revenue, pre-numbered tickets were not used for athletic events, and event workers were paid cash from gate receipts.

According to school officials, during FY13 they became aware that activity ticket sales were not being properly administered and that the athletic director was paying extra-duty stipends from event revenue.

Superintendent Richards addressed the issue by modifying the duties of the then Athletic Director, and requiring event stipends be paid by check. The Superintendent did not bring the issue before the Board, but documented the issue in a letter dated January 18, 2013.

January 18, 2013

This letter is to inform you of changes to your position as athletic director. Prior to the Bricktown Bash I discussed in depth with you that the money box has to be counted by two separate people the night of an event and be deposited immediately. Additionally I informed you it was not only a poor procedure but illegal to pay employees cash out of the gate money. For whatever reason, you disregarded the directives and paid employees out of the cash box and did not follow the accounting procedures established by the state and state department of education.

During the following two-year period it appears the District worked to correct issues surrounding the mismanagement of event ticket sales. The District implemented a new 'Activity/Event Money Log' (the Log) and added procedures to help increase control and accountability of funds and to assist the Accounts Payable Clerk with tracking ticket sales. Checks were issued to provide change for events, and pre-numbered tickets were added for use in gate admissions.

Finding

The District's activity fund procedures continued to reflect a lack of segregation of duties and internal controls. The Activity/Event Money Logs were not properly completed or signed, and changes were made to the Log without proper approvals.

The Accounts Payable Clerk (hereinafter Clerk) managed Activity Fund cash receipts. The Clerk counted funds turned in by event workers, prepared and made bank deposits, and recorded activity fund transactions in the District's financial accounting software *independent of any oversight*. The Clerk was also responsible for creating change bags for each event and issuing checks to event workers.

Activity sponsors and gate workers were required to turn in cash received from ticket and concession sales after each event. The workers were to submit an 'Activity/Event Money Log' documenting the cash used as start-up change and the total cash collected. Beginning and ending ticket numbers were to be documented and all tickets stubs were to be turned in. Two workers were to count the cash together and sign and date the count prior to it being secured in the District's safe.

We noted instances where the Log was not fully completed or not signed and dated. Records were consistently altered by the Clerk after being submitted by the event workers. The workers counts and the Clerk's counts often did not reconcile.¹⁰

The day following an event, the Clerk purportedly removes the cash from the safe and performs a second count, alone. The Clerk has complete control of the process and frequently changed gate receipt documentation without administrative approval or review or approval by the gate workers.

The Clerk should always count funds in the presence of another employee. The duties of preparing, making and recording of the bank deposit, and the

¹⁰ See examples at Exhibit 2, Exhibit 3 and Exhibit 4

posting of the transactions in the accounting software should also be separated.

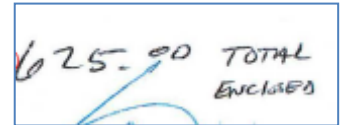
Finding

The District did not maintain proper control of activity event revenue, resulting in lost revenue of at least \$700.

We reviewed selected 'Activity/Event Money Logs'. Some of the issues encountered are noted below.

- The Clerk issued a \$250 check to the Athletic Director on December 8, 2014. He reported cashing the check and returning the funds to the Clerk for preparation of the change bags prior to an event.

After the event, instead of submitting an 'Activity/Event Money Log', workers turned in a hand-written receipt¹¹ for ticket sales dated December 8, 2014. The receipt reflected \$475 in revenue and \$625 in total enclosed cash. Using the assigned change fund amount of \$250 and receipts of \$475 the funds turned in should have been at least \$725. No explanation was provided as to the unaccounted for **\$100**.



The responsibility of the \$250 change fund was not properly documented between the cashing of the check and the turning over of the funds by the Athletic Director to the Clerk, or the release of the funds from the Clerk to the event workers.



The Clerk documented her count of the funds as \$621 and made a corresponding deposit of \$421, withholding \$200 as the change fund for the next event, instead of the initially established \$250 change fund.

No documentation or explanation could be provided as to why the change fund was carried forward as \$200 instead of the initial withdrawal amount of \$250.

- On occasion numbered ticket counts did not match cash receipts and deposits. For selected events in FY15, the number of tickets sold was compared to deposits made, less change used as carry over. We noted over **\$600** in revenue was not reported.

¹¹ See handwritten log at Exhibit 8

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

Date	Student Tickets	Adult Tickets	Ticket Revenue	Deposit	Difference
9/8/14	249	316	\$2,327	\$2,270	-\$57
9/22/14	276	240	\$2,028	\$2,011	-\$17
10/27/14	211	370	\$2,483	\$2,463	-\$20
12/8/14	62	120	\$484	\$421	-\$63
1/22/15	47	48	\$381	\$34	-\$347
5/1/15	150	-	\$300	\$200	-\$100
Totals	995	1,094	\$8,003	\$7,399	\$604

Finding

The Clerk credited almost \$7,000 of activity fund revenue to subaccounts without Board approval.

Title **70 O.S. § 5-129(A)** designates as to activity funds:

Such funds shall be deposited to the credit of the account maintained for the benefit of the particular activity within the school activity fund.

... Provided, the board of education may direct by written resolution that any balance in excess of the amount needed to fulfill the function or purpose for which an account was established may be transferred to another account by the custodian.

During our review we noted the Clerk credited gate and concession revenues to various subaccounts without Board approval. Only five activity fund subaccounts¹² were designated to receive gate fees and concession proceeds as an approved 'Source of Revenue'. The following revenue sources were applied to selected subaccounts without previous Board approval.

Activity Fund Account	Approved Revenue Source	Unapproved Revenue Source Credited	Amount
Middle School General	Free Dress Day	Football Gate Bricktown Bash Gate Bricktown Concession	\$3,650.00
Soccer	Fancloth	Concession	\$1,852.56
High School Student Council	None reported	Basketball Concession	\$768.65
Administration General	T-shirt Sales Hoodie Sales	HS Football Concession	\$645.68
Total			\$6,916.89

¹² Athletics-801; Middle School Cheerleading-826; High School General-836; High School Cheerleading-842; AFJROTC-877

Finding Funds were expended from activity fund subaccounts for purposes not approved by the Board.

Title **70 O.S. § 5-129(A)** states in part:

Disbursements from each of the activity accounts shall be by check countersigned by the school activity fund custodian and shall not be used for any purpose other than that for which the account was originally created. The board of education, at the beginning of each fiscal year and as needed during each fiscal year, shall approve all school activity fund subaccounts, all subaccount fund-raising activities and all purposes for which the monies collected in each subaccount can be expended.

Several purchases were made for athletic expenses from the Middle School General Activity Fund subaccount. There were multiple payments for referees, umpires, time-keepers, and other athletic event staff. Additionally, the Clerk reported purchasing concession stand supplies from this subaccount. The only expenditures approved by the Board to be made from the account were defined as ‘Teacher Appreciation’.

On January 22, 2015, the Administrative General Activity Fund subaccount was used to purchase supplies for an annual athletic event; approved use of this fund did not include athletic related expenses.

Activity fund sponsors are required to submit a ‘Budget for School Activity Account’¹³ at the beginning of each school year. The source of revenue, and the purpose and estimated expenditures are included on these reports for approval by the Board.

Funds should only be expended from each subaccount for a Board approved purpose. The Clerk should ensure that expenditures are made from the correct approved account to help avoid a misappropriation of funds.

Finding District employees failed to deposit activity funds collected on a daily basis, or as required by statute.

Revenue was not always deposited on a daily basis, or when the balance exceeded \$100 as required by statute. Some deposits were held over the weekend, others were held for multiple days during the business week.

¹³ See form at Exhibit 9

We also observed cash in an activity fund sponsor's desk that had not been deposited. These funds were discovered during a time when staff was on leave. They appeared to not have been receipted, logged or reported to management.

Title **70 O.S. § 5-129(A)** states in relevant part:

Deposits of funds subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than One Hundred Dollars (\$100.00), a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds One Hundred Dollars (\$100.00). Provided, a school district shall deposit accumulated monies into the fund not less than one (1) time per week, regardless of whether the monies total One Hundred Dollars (\$100.00).

Some dates cash was not deposited in a timely manner include the following:

Date Revenue Received	Amount of Deposit	Days Until Deposit
10/14/14	\$356.00	7
4/28/15	\$559.98	3
5/1/15	\$767.72	4
3/9/15	\$1,227.00	2
3/2/15	\$330.00	22
1/16/15	\$1,563.63	4
Total	\$4,804.33	

OBJECTIVE 4	EXPENDITURES AND VEHICLE USE
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Summary of Findings:

- **Superintendent Richards incurred a \$25,500 debt against the District that was not Board approved or timely encumbered, and was paid outside the correct fiscal year.**
- **Some warrants were processed and paid for the Activity Fund without obtaining dual signatures as required by law.**
- **Some purchases were paid without consistent, proper documentation.**
- **The Clerk destroyed credit card statements and logs that were essential in the documentation of credit card expenditure activity.**
- **Vehicle use logs were not properly completed and vehicle usage was not documented in accordance with school policy.**

Purchasing Procedures

The District did not always follow purchasing procedures as required by law. Some purchases were not timely encumbered, warrants did not include the required dual signatures, purchase orders did not include supporting documentation, and invoices were paid without itemized receipts.

The District maintains a General Fund and an Activity Fund. The Treasurer administers the General Fund and District appropriations. The Clerk administers the Activity Fund and serves as the purchasing agent. The Board is responsible for overseeing all financial transactions.

In review of District purchasing procedures we interviewed staff, inspected purchase orders, invoices, receipts, payments and bank statements. We tested purchases and evaluated procedures in an effort to determine if employees adhered to statute and Board policy.

The District administers transactions through two software systems, LaserFiche and Wengage, which operate independently.

The District Accounts Payable Clerk manually enters purchase orders received from LaserFiche into Wengage. The purchase orders entered into Wengage are used to issue payments and to provide financial data to the Oklahoma State Department of Education, (OSDE).

Finding

Superintendent Richards incurred a \$25,500 debt against the District that was not Board approved or timely encumbered, and was paid outside the correct fiscal year.

Before a purchase can be made, funds must be encumbered. The Board must approve all encumbrances and purchases must be properly documented before they are paid.

Title **70 O.S. § 5-135(E)** states in part:

Before any purchase is completed a purchase order or encumbrance must be issued. No bill shall be paid unless it is supported by an itemized invoice clearly describing the items purchased, the quantity of each item, its unit price, its total cost and proof of receipt of such goods or services. The bill and/or invoice shall be filed in the encumbrance clerk's official records.

Board policy also states:

“Any items or services made without a proper purchase order shall be the responsibility of the person making the purchase. When the item(s)/services have been received, and an invoice has been received, the person making the purchase shall check to see that all invoiced item(s)/services have been received, and shall sign the invoice and turn it in to the superintendent's office for payment.”

On February 18, 2015, Superintendent Richards signed a contract for \$25,500 with a vendor to provide services for a three-day summer instructional football camp. Prior Board approval was not received, no purchase order was established and the funds were not encumbered at this time.

On May 19, 2016, fifteen months later, \$25,500 was encumbered on Purchase Order Number 11-273 for payment of the contract.

Payment was made on Warrant 2873 dated May 23, 2016, for \$25,500, and coded under 810-Dues and Fees and 2199-Other Support Services-Student.

Under **70 O.S. § 5-187**:

All unencumbered balances...on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30....

This section shall not permit the incurring of new indebtedness chargeable to the appropriation account of the immediately preceding fiscal year [Emphasis Added].

There was no approved purchase order in place at the end of FY2015, and there was no authority to incur new indebtedness against the preceding fiscal year funds. The expense should have been encumbered before the signing of the contract in February 2015, and paid with 2015 funds.

Finding

Some warrants were processed and paid for the Activity Fund without obtaining dual signatures as required by law.

Each warrant issued by a school district must be signed by two officials as required by **70 O.S. § 5-122** which states in part:

It shall be the duty of the clerk to countersign all warrants for school monies drawn upon the treasurer by the board of education and perform such other duties as required by law or as the board of education or its committees may require.

School policy also requires dual signatures. Policy titled “Activity Funds” states:

No expenditures shall be made from activity funds except by check and on the authorization of the sponsor of the group to whom the fund belongs. All such checks are to be issued and signed by the custodian of the activity fund and countersigned by a person designated by the board.

The District issued payments for purchases without obtaining the proper signatures. Bank records revealed checks were issued from the Activity Fund without the two signatures required. The payments were also made without obtaining any secondary approvals.

**CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016**

<small>CROOKED OAK PUBLIC SCHOOL 1901 S.E. 16TH OKLAHOMA CITY, OK 73129</small>		<small>THE FIRST NATIONAL BANK MIDWEST CITY, OKLAHOMA OK-2384 1000</small>		
SCHOOL ACTIVITY FNDS Series 2014-2015		DATE 04/28/15	NUMBER 575	AMOUNT \$158.32
PAY *****\$158Dollars and 32 Cents				
TO THE ORDER OF SAMS CLUB DIRECT P O BOX 530530 ATLANTA GA 30353-0930		ACTIVITY FUND <i>[Signature]</i>		
⑆ 10301284300202425⑆				
# Posted 5/08/15 \$158.32				

<small>CROOKED OAK PUBLIC SCHOOL 1901 S.E. 16TH OKLAHOMA CITY, OK 73129</small>		<small>THE FIRST NATIONAL BANK MIDWEST CITY, OKLAHOMA OK-2384 1000</small>		
SCHOOL ACTIVITY FNDS Series 2014-2015		DATE 04/28/15	NUMBER 578	AMOUNT \$682.84
PAY *****\$682Dollars and 84 Cents				
TO THE ORDER OF SAMS CLUB DIRECT P O BOX 530530 ATLANTA GA 30353-0930		ACTIVITY FUND <i>[Signature]</i>		
⑆ 10301284300202425⑆				
# Posted 5/08/15 \$682.84				

<small>CROOKED OAK PUBLIC SCHOOL 1901 S.E. 16TH OKLAHOMA CITY, OK 73129</small>		<small>THE FIRST NATIONAL BANK MIDWEST CITY, OKLAHOMA OK-2384 1000</small>		
SCHOOL ACTIVITY FNDS Series 2014-2015		DATE 04/28/15	NUMBER 577	AMOUNT \$29.99
PAY *****\$29Dollars and 99 Cents				
TO THE ORDER OF PARTY GALAXY 501 S AIR DEPT MIDWEST CITY OK 73110		ACTIVITY FUND <i>[Signature]</i>		
⑆ 10301284300202425⑆				
# Posted 5/11/15 \$29.99				

Finding

Some purchases were paid without consistent, proper documentation.

Noted below are *examples* of some of the exceptions noted in a review of purchase orders from FY15.

- Purchases were paid without an itemized invoice as required by **70 O.S. § 5-135(E)** which states:

Before any purchase is completed, a purchase order or encumbrance must be issued. No bill shall be paid unless it is supported by an *itemized invoice* clearly describing the items purchased, the quantity of each item, its unit price, its total cost and proof of receipt of such goods or services. [Emphasis added]

**CROOKED OAK PUBLIC SCHOOLS
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Purchase Order Number 60-349, was issued to a local restaurant in the amount of \$250 for 10, \$25 gift cards. No itemized invoice or receipt was provided for support of this purchase. The only supporting evidence was the attached credit card slip.

ORDER FROM:		SHIP TO:	
Vendor: Bankers Credit/Jaramillo's Mexican Restaurant		Ship To Name: Barbara Jaramillo	
Address: 9205 NE 23rd Street #3		c/o CROOKED OAK PUBLIC SCHOOLS I-53	
City: Oklahoma City		Ship Address: 1450 S. Eastern, Oklahoma City, OK 73129-6095	
ST Zip: OK 73141		Site: High School FY: 2015	
Phone: 405-769-8600 Prepay:		Fund Type: Activity Blanket PO: Non-Blanket	

Qty	Item Description	Item Number	Unit Cost	Total Cost
25	Gift Certificates		10.00	250.00

Estimated Shipping: 0.00
GRAND TOTAL 250.00

- Purchases were paid without documentation that the goods or services were actually received. Purchase Order Number 60-519 dated March 23, 2015, was encumbered for \$300 to Sam's. There was no original transaction receipt included with the purchase support and no documentation was included verifying that goods had been received. The purchase was paid from a copy of a credit card statement.
- Purchase Order Number 60-642 issued on May 11, 2015, was paid without an itemized invoice. The District paid a credit card charge of \$120 without a detailed itemized invoice.
- Purchase Order Number 60-415, exceeded the encumbered amount of \$200 by 273%. The purchase order was encumbered for \$200 to Sam's, and paid for a final purchase amount of \$547.10. The transaction was paid without Board approval after exceeding the encumbered balance.

Credit Cards

Title **70 O.S. § 5-117(A)(13)** defines the authority of the District to use credit cards. The statute states in part:

“... A school district is specifically authorized to expend monies to effectuate the purposes of the district and use of a credit card is merely a method by which monies can be expended. It should be remembered, however, that all the public purpose requirements of the Constitution. Further, a school must comply with the fiscal year limitations found in Okla. Const. Art. X, § 26(a).”

In FY14 and F15, the District expended approximately \$240,000, using consumer credit accounts. The District maintained several credit card accounts or consumer lines of credit including accounts with Prosperity Bank Visa, Sam's Credit, Lowes, Home Depot, Amazon, and Best Buy.

Credit card transactions are paid several times a month from individual receipts. Itemized receipts and invoices are not always available and are not reconciled to the monthly statements. Purchases are incurred on credit cards before being encumbered and without prior approval.

Finding

The Clerk destroyed credit card statements and logs that were essential in the documentation of credit card expenditure activity.

The Accounts Payable Clerk admitted shredding FY15 and prior credit card statements. Credit card logs that had been maintained to track credit cards checked out and used by District employees were also destroyed, for the same time period.

Title **51 O.S. § 24A.4** states, in relevant part:

...every public body and public official has a specific duty to keep and maintain complete records of the receipt and expenditure of any public funds reflecting all financial and business transactions relating thereto...

Credit card logs assist the District in tracking credit card use by employee. Not maintaining log history prevents the District from effectively monitoring credit card usage and helping insure that cards are not used for personal purposes.

Additionally, retaining credit card statements is crucial in tracking detailed credit card transactions, in verifying individual transactions to amounts billed and helping insure the District makes proper payment in a timely manner. Not maintaining and reconciling all credit card supporting documentation decreases the oversight of credit card transactions and increases the District's risk of a misappropriation of funds.

Vehicle Use

Finding

Vehicle use logs were not properly completed and vehicle usage was not documented in accordance with school policy.

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

School policy titled *Use of School-Owned Suburban*, governs the use of the school's vehicles. The policy states in part:

- Authorized drivers will not receive the keys to the vehicle until the vehicle log sheet is signed.
- This vehicle will not be used by staff members for personal use at any time.

According to Dennis Berry, the Director of Operations, the requestors of a Suburban are required to submit a Transportation Request so a vehicle can be made ready. The requesting driver should then sign-out for the keys.

The keys are kept in a locked box which is monitored by Berry, Louise Wallace, Administrative Support for Transportation, and Michael Robinson, former Maintenance and now Resource Officer.

Review of the 'Suburban Sign-out/in sheet' disclosed that the required information of date, name, Suburban number and the time out and time in were not always completed.

Suburban Sign-out/in sheet									
Date:	Name	Suburban #	Time Out	Time In	Date:	Name	Suburban #	Time Out	Time In
11/12		4	3:25	4:00	11/16/2012		3	3:30	
11/12		2	3:30		11/19/12		2	8:20	10:05
11/12		3	3:35		11/27/12		2	12:00	
		4	5:15	10:00	11/30/12		2	12:40	3:20
		2	8:00		11/29/12		3	3:15	3:30

Mileage on the Suburban's was not tracked. Without mileage accountability and the purpose and time of each trip being properly documented, it could not be determined if vehicles had been used for personal purposes.

OBJECTIVE 5	OTHER ISSUES
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Summary of Findings:

- The District provided cell phone service to a school board member, continuing to pay for the service eighteen months after the individual no longer served on the Board.
- The District incurred a cost of \$2,513.90, for a phone that was not used.
- Wi-Fi devices paid for by the District were, at times, used for personal purposes.
- A surplus vehicle was not sold through a “public sale” as required by District policy.
- The sale and tracking of surplus geothermal units was not properly accounted for.
- The District sold surplus property without Board approval and records were not maintained for all sales.

Cell Phone Expense

Finding	The District provided cell phone service to a school board member, continuing to pay for the service eighteen months after the individual no longer served on the Board.
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Review of AT&T phone statements revealed Lisa Nanney, a former school board member, was provided a cell phone paid for by the District. Since at least July 2011¹⁴ through November 2015, phone service was paid for at a cost of \$3,595.34¹⁵.

According to a school official, Nanney was at one-time president of the school board, but did not have a phone, email or internet connection, hindering the school from contacting her, so the district provided her a phone.

¹⁴ Records were not provided prior to July 2011.

¹⁵ The school utilized the E-Rate reimbursement program, so actual out-of-pocket cost to the school would be reduced.

Nanney ceased being president of the board in March 2012, but remained a member of the school board until May 2014. The phone continued to be used until November 14, 2014, 14 months after Nanney ceased to be board president and six months after Nanney was no longer a board member.

Beginning November 14, 2014 through November 6, 2015, records show the phone service continued to be paid for but the phone was not used. The phone was cancelled on November 6, 2015.

We found no evidence that this arrangement was ever approved by the Board.

Finding

The District incurred a cost of \$2,513.90 for a phone that was not used.

Review of AT&T billing statements, reflected a cell phone assigned to Superintendent Richards. Richards became the superintendent in July 2012. Between July 7, 2012 and November 6, 2012, the phone was used a total of 21 minutes. The phone was not used again after November 6, 2012.

The cost for the unused phone between July 7, 2012 and July 10, 2014, was \$2,513.90.

Superintendent Richards stated he was not in possession of the phone and did not know who was. Instead of using the provided phone, Superintendent Richards received a phone allowance of \$100 per month in his contract.

Finding

Wi-Fi devices paid for by the District were, at times, used for personal purposes.

The District paid for three Wi-Fi devices assigned to Superintendent Richards, Dennis Berry, and Daniel Davis.

- The Wi-Fi device assigned to Berry was in the possession of Kim Templeman, Middle School Principal, for approximately the past two years.

During FY15, this device showed usage on 331 days, occurring mostly on weekends, during early morning and late evening hours, and during holidays. According to Templeman, she had problems with internet coverage and used the device at home for personal use.

The cost of the Wi-Fi device was approximately \$45 monthly, resulting in an annual charge of \$540.

- According to Berry, the device assigned to Davis was in his possession from at least July 2011 through April 28, 2015. During FY15, the device was used 146 days. The device was last used on May 4, 2015, six days after the board voted to terminate Davis.

The cost of the Wi-Fi device was approximately \$45 monthly, resulting in an annual charge of \$540.

- The device in Richards' name was in the possession of Berry, and had been since shortly after Richards became Superintendent in July 2012. Records indicate this device was used 15 days during FY15.

The cost of the Wi-Fi device was approximately \$45 monthly, resulting in an annual charge of \$540.

As of January 2016, all three devices were in Berry's possession, but continued to be paid for by the District.

Sale of Surplus Property

The citizen petitioners expressed concerns that surplus property, specifically a 1993 Chevrolet pickup truck and two geothermal units¹⁶, had been sold without Board authorization and proceeds had not been deposited into the proper fund.

Title **70 O.S. § 5-117(A)(11)** addresses the disposal of surplus property. Under this statute, the board of education of each school district shall have power to:

Dispose of personal or real property no longer needed by the district by sale, exchange, lease, lease-purchase, sale and partial lease back, or otherwise.

District Policy concerning the sale of surplus property states:

“Certain school-owned equipment, furniture, and other personal property may be declared surplus by the Crooked Oak Board of

¹⁶Between 2009 and 2013 District patrons voted in support of \$26.4 million in construction bonds. The projects included the demolition of the old high school, resulting in the disposal of surplus property.

Education and disposed of by public sale or discarded if determined to be of no value.” [Emphasis added]

According to **70 O.S. § 5-129(5)**, revenue derived through the sale of school property or assets must be deposited into the General Fund.

Sale of Truck

Finding **A surplus vehicle was not sold through a “public sale” as required by District policy.**

Board approval for the disposal of a 1993 Chevrolet ¾ ton pickup was recorded on April 14, 2014. The vehicle was subsequently sold for \$250 on June 17, 2014, to a vendor of the District. The vehicle was not sold through a “public sale” as required by policy.

The funds from the transaction were deposited into the General Fund.

Sale of Geothermal Units

Finding **The sale and tracking of surplus geothermal units was not properly accounted for.**

The District’s five-year multi-phase construction project resulted in the disposal of 20 geothermal heating and cooling units. The July 13, 2015, Board agenda and minutes approved the surplus of the units.¹⁷

- Two of the units were sold for \$100 (\$50 each) to the Accounts Payable Clerk and her spouse, a District maintenance worker. The sale of these units was not made through a “public sale” as required by District policy. The payment of the \$100 was verified as a deposit in the District’s records.
- Two of the units remained with the District and were observed stored on campus.
- The District could not provide documentation supporting the disposal of the remaining 16 units. Superintendent Richards’s stated that five units were stolen at some point, but the District took no action to

¹⁷ The Board agenda referred to the sale of units from the “West building” but the Board minutes referred to the sale of units from the “South Building”.

report or recover the loss because the deductible on the school's insurance was more than the value of the units.

All property approved as surplus by the Board should only be sold in a "public sale" or if of no value discarded. Sales to employees or District vendors should have been prohibited.

Sale of Scrap Metal

Finding The District sold surplus property without Board approval and records were not maintained for all sales.

Superintendent Richards reported the District did sell scrap metal at various times between 2011 and 2015. Per Richards and the Clerk, the scrap was sold, but receipts could not be produced documenting the sales.

The Clerk reported maintenance department employees had also sold metal, received cash and turned it in for deposit. Records could not be provided to support these transactions.

Records did reflect the District received payment for three scrap metal transactions during the audit period. Funds collected from these three transactions were deposited with the District.

- On June 27, 2012, copper, wire, and tin were sold for \$147.15.
- On January 25, 2013, the District received \$110 for the sale of tin.
- On September 18, 2015, the District received \$490.90 for the sale of copper wire.

No additional surplus sale records were provided by the District so it could not be determined if any additional funds had not been properly recorded.

Audit Reports

The independent audit reports for FY2013, FY2014, and FY2015, issued for the Crooked Oak Public School District, documented many of the same concerns, findings, and questioned costs detailed in this report.

Recommendations for changes, improvements, and corrections were included in these reports and management was made aware of

these issues; and submitted many responses of “Steps Implemented” to correct the concerns.

However, in many instances the corrective action was not actually implemented; therefore statutes, procedures, and policies continued to not be followed.

EXHIBIT 1

Michael Robinson FY 2015 Compensation by Detail				
Date	Contract Pay	Overtime Hours	Suburban Runs	Total Pay
Jul-14	\$1,767.51	\$1,802.05	\$0.00	\$3,569.56
Aug-14	\$1,774.13	\$1,802.05	\$201.40	\$3,777.58
Aug-14	\$300.00	Stipend		\$300.00
Sep-14	\$1,774.13	\$1,802.05	\$445.20	\$4,021.38
Oct-14	\$1,774.13	\$1,802.05	\$424.00	\$4,000.18
Nov-14	\$1,774.13	\$1,802.05	\$233.20	\$3,809.38
Dec-14	\$1,774.13	\$1,802.05	\$222.60	\$3,798.78
Jan-15	\$1,774.13	\$1,802.05	\$508.80	\$4,084.98
Feb-15	\$1,774.13	\$1,802.05	\$901.00	\$4,477.18
Mar-15	\$1,774.13	\$1,864.73	\$689.00	\$4,327.86
Apr-15	\$1,774.13	\$1,802.05	\$1,388.60	\$4,964.78
May-15	\$1,774.09	\$2,515.71	\$487.60	\$4,777.40
Jun-15	\$1,774.13	\$2,319.70	\$0.00	\$4,093.83
Total	\$21,582.90	\$22,918.59	\$5,501.40	\$50,002.89

Note: A ‘Compensation by Detail’ was not provided for FY13 since no contract was in place during that period. A Detail was not provided for FY14 because timesheets were not available for September 2013 through May 2014.

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

EXHIBIT 2

ACTIVITY/EVENT MONEY LOG

EVENT/ACTIVITY Basketball Gate DATE 12/12/14

I, Linda Vance have given to: Kevin Wallace
(Activity Custodian or Admin) (Activity Fund Designee)

the sum of \$ 200.00 to be used as change for the above event (gate, concession, activity, etc) on (date) 12/12/14, at (time) 9:00.

RECONCILIATION AFTER EVENT/ACTIVITY:

Beginning amount for change \$ 200.00

Student tickets (if applicable)

Beginning ticket # 000206R

Ending ticket # 000308R \$ 306.65
102 x 3.00

Adult tickets (if applicable)

Beginning ticket # 000483P

Ending ticket # 000585P 72 x 5.00 \$ 360.00

Total to Reconcile \$ 866.65

Verification of Funds and Tickets: (Must have both workers signatures to verify funds)

(1) Mike Culey (2) LE Walker
(Worker signature) (Worker signature)

The above personnel have given to _____, the sum of
(Activity Custodian or Administrator)

\$ _____, on (date) _____, at (time) _____.

Custodian verification:

The sum of \$ 200.00 was retained for change for future events.

The sum of \$ 693.65 was deposited in Activity Fund Account

801, receipt # 840251

EXHIBIT 3

ACTIVITY/EVENT MONEY LOG

EVENT/ACTIVITY H.S. FOOTBALL CONCESSION DATE 9/5/14

I, Linda Kravay have given to: CRYSTAL FLYNN
(Activity Custodian or Admin) (Activity Fund Sponsor)

the sum of \$ 150.00 to be used as change for the above event (gate, concession, activity, etc) on (date) 9/5/14, at (time) 5:30 p.m.

RECONCILIATION AFTER EVENT/ACTIVITY:

Beginning amount for change \$ 150.00

Student tickets (if applicable)

Beginning ticket # _____

Ending ticket # _____ \$ _____

Adult tickets (if applicable)

Beginning ticket # _____

Ending ticket # _____ \$ _____

Total to Reconcile \$ 150.00 1024.10 (cash on hand) gh

Verification of Funds and Tickets:

[Signature] (2) [Signature]
(Sponsor signature) (Worker signature)

The above personnel have given to _____, the sum of _____
(Activity Custodian or Administrator)

\$ _____, on (date) _____, at (time) _____

Custodian verification:

The sum of \$ 150.00 was retained for change for future events.

The sum of \$ 874.10 was deposited in Activity Fund Account

801, receipt # 840052
822
826

EXHIBIT 4

ACTIVITY/EVENT MONEY LOG			
EVENT/ACTIVITY <u>H.S. FB Gate</u>		DATE <u>10/24/14</u>	
I, <u>Shaney</u> <small>(Activity Custodian or Admin)</small>	have given to: <u>Wallace</u> <small>(Activity Fund Sponsor)</small>		
the sum of \$ <u>250.00</u> to be used as change for the above event (gate, concession, activity, etc) on (date) <u>10/24/14</u> , at (time) <u>5:30 pm</u>			
RECONCILIATION AFTER EVENT/ACTIVITY:			
Beginning amount for change		\$ <u>250.00</u>	
Student tickets (if applicable)			
Beginning ticket	# <u>538</u>		
Ending ticket	# <u>693</u>	\$ <u>465.00</u>	
Adult tickets (if applicable)			
Beginning ticket	# <u>644</u>		
Ending ticket	# <u>925</u>	\$ <u>1405.00</u>	
Total to Reconcile		\$ <u>2120.00</u>	
		<u>4/2</u> <u>\$2100.95</u>	
Verification of Funds and Tickets:			
(1) _____ <small>(Sponsor signature)</small>		(2) _____ <small>(Worker signature)</small>	
The above personnel have given to _____, the sum of _____ <small>(Activity Custodian or Administrator)</small>			
\$ _____, on (date) _____, at (time) _____			
Custodian verification:			
The sum of \$ <u>0</u> was retained for change for future events.			
The sum of \$ <u>2100.95</u> was deposited in Activity Fund Account			
# <u>801-</u> <u>883</u>		receipt # <u>840162</u>	

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

EXHIBIT 5

MONTH: November - 2014 POSITION: _____

CROOKED OAK PUBLIC SCHOOLS 2012-2013

EMPLOYEE NAME: Mike Robinson

	DATE	IN AM	OUT AM	IN PM	OUT PM	TOTAL HOURS
MONDAY	11-3-14	4:30			12:30	8
TUESDAY	11-4-14	4:30			12:30	8
WEDNESDAY	11-5-14	4:30			12:30	8
THURSDAY	11-6-14	4:30			12:30	8
FRIDAY	11-7-14	4:30			12:30	8
TOTAL WEEKLY						40
MONDAY	11-10-14	sub				
TUESDAY	11-11-14	sub				
WEDNESDAY	11-12-14	4:30			12:30	8
THURSDAY	11-13-14	4:30			12:30	8
FRIDAY	11-14-14	sub				
TOTAL WEEKLY						16
MONDAY	11-17-14	Snow	Day			
TUESDAY	11-18-14	4:30			12:30	8
WEDNESDAY	11-19-14	sub				
THURSDAY	11-20-14	sub				
FRIDAY	11-21-14	4:30			12:30	8
TOTAL WEEKLY						16
MONDAY	11-24-14	4:30			12:30	8
TUESDAY	11-25-14	4:30			12:30	8
WEDNESDAY	11-26-14	4:30			11:30	7
THURSDAY	11-27-14	4:30			12:30	8
FRIDAY	11-28-14	4:30			12:30	8
TOTAL WEEKLY						39
MONDAY						
TUESDAY						
WEDNESDAY						
THURSDAY						
FRIDAY						
TOTAL WEEKLY						

TOTAL HOURS: 111

EMPLOYEE'S SIGNATURE: Mike Robinson

SUPERVISOR'S SIGNATURE: _____

+4 Alarms
116
COMPLETED
B. Fisher
12-2-14

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

EXHIBIT 6

MONTH: November - 2014 POSITION: _____

CROOKED OAK PUBLIC SCHOOLS 2012-2013

EMPLOYEE NAME: Mike Robinson

	DATE	IN AM	OUT AM	IN PM	OUT PM	TOTAL HOURS
MONDAY	11-3-14	6:30	4:30			10
TUESDAY	11-4-14	6:30	4:30			10
WEDNESDAY	11-5-14	6:30	4:30			10
THURSDAY	11-6-14	6:30	4:30			10
FRIDAY	11-7-14	6:30	4:30			10
TOTAL WEEKLY						50
MONDAY	11-10-14	Sick				10
TUESDAY	11-11-14	Sick				10
WEDNESDAY	11-12-14	6:30				10
THURSDAY	11-13-14	6:30	4:30			10
FRIDAY	11-14-14	Sick				10
TOTAL WEEKLY						50
MONDAY	11-17-14	Snow Day				10
TUESDAY	11-18-14	6:30	4:30			10
WEDNESDAY	11-19-14	Sick				10
THURSDAY	11-20-14	Sick				10
FRIDAY	11-21-14	6:30	4:30			10
TOTAL WEEKLY						50
MONDAY	11-24-14	6:30	4:30			10
TUESDAY	11-25-14	6:30	4:30			10
WEDNESDAY	11-26-14					10
THURSDAY	11-27-14					10
FRIDAY	11-28-14					10
TOTAL WEEKLY						50
MONDAY						
TUESDAY						
WEDNESDAY						
THURSDAY						
FRIDAY						
TOTAL WEEKLY						

TOTAL HOURS: 200

EMPLOYEE'S SIGNATURE: Mike Robinson COMPLETED

SUPERVISOR'S SIGNATURE: [Signature] 12-2-14

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

EXHIBIT 7

MONTH: December - 2014 POSITION: _____

CROOKED OAK PUBLIC SCHOOLS 2012-2013

EMPLOYEE NAME: Mike Robinson

	DATE	IN AM	OUT AM	IN PM	OUT PM	TOTAL HOURS
MONDAY	12-1-14	4:30				
TUESDAY	12-2-14	4:30				
WEDNESDAY	12-3-14	4:30				
THURSDAY	12-4-14	4:30				
FRIDAY	12-5-14	4:30				
TOTAL WEEKLY						
MONDAY	12-8-14	4:30				
TUESDAY	12-9-14	4:30				
WEDNESDAY	12-10-14	4:30				
THURSDAY	12-11-14	4:30				
FRIDAY	12-12-14	4:30				
TOTAL WEEKLY						
MONDAY	12-15-14	4:30				
TUESDAY	12-16-14	4:30				
WEDNESDAY	12-17-14	4:30				
THURSDAY	12-18-14	4:30				
FRIDAY	12-19-14	4:30				
TOTAL WEEKLY						
MONDAY	12-22-14					
TUESDAY	12-23-14					
WEDNESDAY	12-24-14					
THURSDAY	12-25-14					
FRIDAY	12-26-14					
TOTAL WEEKLY						
MONDAY	12-29-14					
TUESDAY	12-30-14					
WEDNESDAY	12-31-14					
THURSDAY						
FRIDAY						
TOTAL WEEKLY						

TOTAL HOURS: _____

EMPLOYEE'S SIGNATURE: Mike Robinson

109
+ 6 A forms
115
COMPLETED

EXHIBIT 8

12/8/14

Adults Start: 000 363 P
END - 000 403 P

Students: Start - 000 144 R
END - 000 206 R

*BB Gates
12/8/14*

Adults - $120 \times 3.00 = 360$

Students $62 \times 2.00 = 124.00$
475.00

625.00 TOTAL
ENCLOS

Melina Cudey

625.00

CROOKED OAK PUBLIC SCHOOLS
CITIZENS PETITION REQUEST
DATE OF RELEASE: SEPTEMBER 20, 2016

EXHIBIT 9

BUDGET FOR SCHOOL ACTIVITY ACCOUNT	
School Name <u>COMS</u>	Site Number <u>505</u>
Account Name and Number: <u>823 MS General</u>	
Assigned Project Reporting <u>823</u> (Account Fund Name)	
For the period of July 1, 2015 through June 30, 2016	
I. Beginning Cash Balance	\$ 3400.00 <u>2567.42</u>
II. Source of all Revenue and Estimated Amounts:	
<u>free dress day</u>	\$ <u>2,000.00</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Receipts:	\$ <u>2,000.00</u>
III. Total Beginning Cash Balance Plus Receipts:	\$ <u>4567.42</u>
IV. Expenditures and Estimated Amounts:	
<u>Teacher appreciation</u>	\$ <u>750.00</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Expenses:	\$ <u>750.00</u>
V. Ending Cash Balance, June 30, 2016	\$ <u>3817.42</u>
<u>Den Mche</u> Signature of Teacher/Sponsor	<u>Principal</u> Position
<u>Dynda Stang</u> Signature of School Activity Custodian (Admin)	

DISCLAIMER

In this report, there may be references to state statutes and legal authorities which appear to be potentially relevant to the issues 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. Such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.



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