

PETITION AUDIT REPORT

DICKSON PUBLIC SCHOOL DISTRICT

July 1, 2011 through October 1, 2013



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

DICKSON PUBLIC SCHOOL DISTRICT

CARTER COUNTY, OKLAHOMA

PETITION AUDIT REPORT

JULY 1, 2011 THROUGH OCTOBER 1, 2013

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Oklahoma State Auditor & Inspector

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May 21, 2014

To the Petitioners and Citizens of the
Dickson Public School District:

Transmitted herewith is the Petition Audit Report for the Dickson Public School District.

Pursuant to your request and in accordance with the requirements of **74 O.S. § 212 (L)**, we performed a petition audit with respect to the Dickson Public School District for the period July 1, 2011 through October 1, 2013.

The objectives of our audit primarily included, but were not limited to the concerns noted in the citizen petition. The results of the 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 Dickson Public School District for the period July 1, 2011 through October 1, 2013.

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 this service 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 document is a public document pursuant to the Oklahoma Open Records Act, in accordance with **51 O.S. § 24A.1, et seq.**

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

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BOARD OF EDUCATION

(As of October 1, 2013)

Kent DonicaPresident
Mary White Vice-President
Dr. Alan McKownClerk
Kenny Phipps Member
Jim Johnson..... Member

Superintendent

Sherry Howe
July 1, 1996 to October 1, 2013

Superintendent

Larry Case
October 4, 2013 to February 16, 2014 (interim)
February 17, 2014 to present

INTRODUCTION The Dickson Public School District Number I-77, Ardmore, Oklahoma (hereinafter “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 “Board”). As provided for in **70 O.S. § 5-117**, the Board specifically has 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 accordance with a petition verified by the Carter County Election Board Secretary in a letter dated December 11, 2013; the Office of State Auditor and Inspector has conducted a special petition audit of the District, primarily relating to the objectives listed in the accompanying *Table of Contents*.

The results of our inquiry are included in the following report and were prepared for the citizens and registered voters of the Dickson Public School District, along with school and state officials with oversight responsibilities.

The District’s fiscal year begins July 1 and ends June 30. Throughout this report, fiscal years are abbreviated by using the ending calendar year. For example, the fiscal year of July 1, 2011 to June 30, 2012, will be identified as “FY12.”

Objective I Review staff contracts and extra-duty contracts and payroll documentation for possible irregularities or misuse of district funds as compensation for salary, wages, and/or extra-duty pay

Background

The citizen petitioners presented concerns regarding salary and extra duty pay of administration, teachers, and support staff. Allegedly, select District employees were over compensated, or were given excessive or unwarranted extra duty pay.

We obtained and reviewed employment contracts for the following 17 District employees:

Sherry Howe	Rex Trent	Larry Case
David Gardner	Jason Ward	John Pemberton
Matthew Krimmer	Stephanie Ringwald	Toby Ringwald
Carol Peery	Donna Mobly	Gary Mobly
Janice Chavers	Karli Bumpass	Larry Porter
Phyllis Julian	Misty Duncan	

Teacher salaries are addressed in **70 O.S. § 18-114.1-13 *et seq.*** which defines and establishes pay. Each year the Oklahoma State Department of Education issues the State Minimum Salary Schedule defining the mandatory minimum salary that teachers receive based on years of experience and level of education.

The salaries for principals and superintendents are not controlled by the State and are at the discretion of the local board of education. Additional teacher pay based on professional achievements, extra duties, or coaching is also at the discretion of the local school district. All types of supplementary pay must be approved by the local board.

Superintendent

The total compensation paid to Dickson Public School Superintendent Sherry Howe was the highest of any superintendent in Carter County. However, all compensation was properly approved and within the authority of the local board of education. Compensation for all superintendents in Carter County was obtained from the Oklahoma State Department of Education and is provided for comparison purposes.

School District	Total Compensation
Dickson	
Sherry Howe	\$146,685
Ardmore	\$142,872
Healdton	\$116,110
Lone Grove	\$112,746
Plainview	\$107,559
Fox	\$99,689
Springer	\$90,004
Wilson	\$89,629

Principals

The compensation of Dickson principals Rex Trent, Larry Case, and Deborah Custer were the highest in Carter County with the exception of a Healdton Public School principal who also serves as that districts superintendent. Dickson principals also received a higher base salary than four county superintendents.

All compensation paid the Dickson principals was appropriately approved and within the authority of the local board of education. The comparative salaries for principals within Carter County are listed below:

School District	Total Compensation Range of Pay
Dickson	
Rex Trent	\$137,493*
Larry Case	\$117,171*
Deborah Custer	\$99,737
Ardmore	\$65,880 - \$89,629
Fox	\$80,255
Healdton	\$60,197 - \$116,110
Lone Grove	\$65,891 - \$78,176
Plainview	\$72,546 - \$85,206
Springer	\$71,311 - \$78,832
Wilson	\$69,258 - \$80,630

**The first two Dickson principals include additional "extra duty" pay of \$30,000 and \$15,000 respectively; paid for covering an unfilled Junior High principal vacancy.*

Teachers

Teacher salaries were compared with the *State Minimum Salary Schedule* in order to determine if District teachers received the minimum salary as required by law. We also acquired and reviewed the extra duty payment schedule for the FY12 and FY13 school years.

These teacher salaries met the state minimum salary required by law; and the additional extra duty payments reviewed were properly submitted to and approved by the Board.

Central Office/Administrative Staff

Our review of staff contracts primarily focused on the Central Office administrative staff. Staff support salaries are set at the discretion of the school district. The administrative compensation amounts reviewed were appropriately approved and within the authority of the local board of education.

We noted that some of the salaries for support personnel were slightly disproportionate to other employees within the District. We compared support staff salaries to state minimum teacher salaries. The following job titles and corresponding salaries are based on the 2013-2014 Certified and Support Personnel Records obtained from the Oklahoma State Department of Education.

State Minimum Teacher Salaries	
1st Year Teacher	\$31,600
12 th Year Teacher w/Master's Degree	\$38,425
25 th Year Teacher w/Doctorate's Degree	\$46,000

Central Office/Administrative Staff			
Employee	Base Salary	Extra Duty	Total Salary
Gary Mobly, Physical Plant Manager	\$55,784	\$13,000	\$68,784
Donna Mobly, Business Manager	\$47,970	\$13,000	\$60,970
Janice Chavers, General Office Clerical	\$45,250	\$2,500	\$47,750
Karli Bumpass, General Office Clerical	\$32,400	\$2,000	\$34,400
Phyllis Julian, General Office Clerical	\$30,000	\$0	\$30,000
Carol Peery, General Office (<i>part time</i>)	\$15,000	\$0	\$15,000

Other Staff

A citizen inquiry was made concerning the qualifications of the school officer John Pemberton. In FY12 and FY13, Pemberton was under contract with the District as the ‘Campus Cop.’ Pemberton was CLEET certified and his hiring was properly approved by the Board.

Extra Duty Pay

The management and awarding of extra duty pay was of great concern to the citizens of the District as there was disagreement over the perceived process by which teachers and employees were awarded extra duty assignments.

School Policy 6110 “Personnel Employment Policies” states, “Both the selection and promotion of employees of Dickson Public Schools is an administrative decision.” We could find no further requirement of extra duty pay assignments other than that of board approval. As such, the awarding of extra duty assignments appeared to be at the discretion of the board and administration of the District.

Summary

Dickson Public School District paid some of the highest school district salaries in Carter County. However, we found no evidence that the salaries and extra duty pay of the District were in violation of district policy or state law.

The Superintendent, in conjunction with the Board, may wish to develop written job descriptions for all support and administrative personnel, including descriptions for all extra duty assignments. The District also could develop written policy concerning the distribution of extra duty assignments and more closely define and document those awarded such pay, including individual staff qualifications.

Objective II Review board policies, procedures and custodial recordkeeping for possible irregularities in school activity fund accounts.

Background

Based on discussions with concerned citizens, this objective was more narrowly defined to a question of the allocation process by which fund raising revenues were applied to activity fund accounts; a determination of the number of fundraisers allowed within an activity fund; and an evaluation of whether activity funds were used to pay for meals at school board meetings.

70 O.S. § 5-129 sets forth and defines the laws governing activity funds and provides authority to conduct fundraisers. Section 3030 of the Dickson Public Schools policy manual provides local school board policy on the administration of activity funds and fundraisers. Dickson Public Schools maintain approximately 51 different activity fund accounts representing a variety of sports, intellectual, social, and civic organizations.

Fundraisers

Under Section 3030 of school policy, all fundraisers must receive prior approval by the Board. Once approved the management of the funds is conducted through the applicable activity fund account. We found no evidence suggesting that fundraising opportunities were limited by school policy; only that prior approval was required. A review of the board minutes showed that in the month of June, the District Board approved the fundraisers scheduled for the upcoming school year.

The petitioners also expressed a concern that the percentage of funds collected under fundraising activities was not properly allocated. Most associated fundraising costs include the cost of items sold and other overhead expenses. The net amount earned is the difference of total sales minus the costs, leaving any positive balance available for allocation. For most fund raising activities, students seldom receive 100% of the funds generated as a result of the related expenses.

Depending on the purpose of the fundraising activity, funds raised may be applied to a group or to an individual student. For example, revenue generated by a fundraiser conducted to purchase new uniforms for the basketball team would be applied to the group whereas; revenues raised by

a fundraiser for a school sponsored trip to Six Flags may be applied to an individual student, to the group, or even to help offset the costs of sponsors.

Activity Funds

We obtained School Activity Fund ‘Detail by Code Ledgers’ for the following activity accounts, for FY12 and FY 13. These reports detail deposits, payments, and adjusting entries made within a specific fund. We examined transactions made within these accounts for suitable purpose and source.

803 Band	817 High School Account
806 Cheerleading	819 Middle School Account
810 Earned Interest Account	824 Music

Band, Cheerleading and Music Accounts – 803, 806, 824

Expenditures from the Band, Cheerleading and Music activity fund accounts were generally well documented and used for their intended purposes. Review of these expenditures did not disclose any unusual or suspicious activity.

Earned Interest Account – 810

The Earned Interest Account was funded from the Smart Mart and vending machine sales. The Smart Mart is a snack sales source which meets the state nutritional guidelines. The purpose of this account was defined as “*Employee, Student and Board Appreciation; Supplies; Food; Gifts; Benevolence.*”

While most of the expenditures reviewed in the Earned Interest Account fell within defined purposes, the following table shows some of the payments for food and entertainment that could be considered excessive or unwarranted.

Food Related Purchases for Board of Education Meetings, Board Spouses, School Employees and Staff		
Vendor	Purpose	Amount
Bill’s Café	Food for Board Meeting	\$113.40
Bill’s Café	Food for Board Meeting	\$125.40
Cotton Patch	Food for Board Meeting	\$177.60
Interurban	Food for Board Meeting (\$170 + \$50 tip)	\$220.00
Melting Pot	Meals for Board Spouses at Convention	\$418.56

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DATE OF RELEASE: May 21, 2014

Interurban	Food for Board Meeting (25 Ribeye Steaks)	\$688.70
Various	Food for Employees (Lunches, Staff Meetings)	\$1,060.61
Emmett Byrd	Meat for School Luncheon (Includes \$500 tip)	\$1,433.00
Various	Food, Decorations and Supplies for Christmas and Thanksgiving Dinners	\$2,214.07
Outback Steakhouse	Gift Cards for Staff (\$4,000 paid from Athletic Fund, \$1,400 from Earned Interest)	\$5,400.00
	Total	\$11,851.34

Over the course of the 2012 Thanksgiving and Christmas holiday season, over \$9,000 was spent on meals and gifts for school employees and school board members. This amount includes \$4,000 paid from the Athletic Fund for the purchase of Outback Steakhouse gift cards.

High School Account - 817

Similar to the Earned Interest account, the High School account is funded by concessions sold in the high school office. The purpose for this fund is defined as “*Benevolence, teacher appreciation, academic and behavioral rewards, student appreciation, incentives.*”

Approximately 82% of the expenditures reviewed were paid for the benefit of high school students, including bereavement flowers or supplies for resale. We found expenditures from the High School account to be generally well documented and used for their intended purpose.

Middle School Account - 819

The Middle School account derives its funds from the sale of concessions in the middle school office. The purpose for this fund is defined as “*Benevolence, teacher appreciation, academic behavior awards, gifts, student appreciation*”. Approximately \$2,300 or 45% of expenditures included meals for teachers or other forms of teacher appreciation; almost \$1,300 or 25% of expenditures reviewed were for purposes of replenishing concession supplies.

We found that expenditures from the Middle School Account 819 were generally well documented; although not always used for their intended purposes. Specifically, three expenditures totaling over \$1,100 appeared to be questionable with regard to their intended account purpose. These expenditures included \$299 for an OK-ACTS Leadership Seminar for T. Ringwald; \$441.56 for two Acer C7 Chrome Book computers; and \$341.90 for Sports Statistical Software.

Summary

Expenditures from Activity Fund accounts were generally well documented. Funds for accounts for the specific groups of Band, Music, and Cheerleading tended to be used for their intended purposes. Expenditures for the more general activity accounts, Earned Interest, High School and Middle School usually fell within the scope of their respective purposes; however, some expenditures, while within policy, appeared to be extravagant or unnecessary.

We recommend that the Superintendent, the School Board, and the Fund Custodians more closely review expenditures in the Activity Fund accounts and consider setting expenditure limits and more clearly defining purposes and acceptable expenditures of such accounts.

Objective III Review board policies and district general administrative expenditures, including accountability for school assets, use of school vehicles, travel claims, etc.

General Administrative Expenditures

Background

A review of District administrative expenses showed that Dickson Public Schools maintained an “administrative credit card” and a Sam’s Club credit card, both used exclusively by the administration staff. Based upon information received from concerned citizens, we chose to focus our review of administrative expenses on these credit card transactions.

Under **70 O.S. § 5-117A(15)**, the board of education of each school district shall have power to establish a written policy for reimbursement of necessary travel expenses of employees and members of the board. The policy may include in-district travel from the site of employment assignment which is necessary in the performance of employment duties. The written policy shall specify procedures, contain documentation requirements, and may include payment of meal expenses during authorized travel on a per diem allowance basis rather than itemized documentation.

According to Dickson Public School Policy, the Board of Education authorizes the use of a general purpose credit card by the Superintendent of Schools; “It will be used exclusively for travel expenses for staff and Board of Education members, provided there is sufficient supporting documentation to insure that legal and appropriate expenditures are being made.”

The Board approved blanket purchase orders for the credit card through Security Bankcard Center Inc. for “Administrative Expenses” of \$9,800 in FY 2012, \$12,300 in FY 2013, and \$12,000 in FY 2014.

We reviewed the Oklahoma Cost Accounting System (OCAS) Manual and the Coding Obstacles Districts Encounter Daily (CODED) handbook produced by the Oklahoma State Department of Education (OSDE). According to the CODED handbook, the OCAS system requires a 27-digit expenditure system code in this format:

EXPENDITURES								
FY	Fund	Project Reporting	Function	Object	Program	Subject	Job Class	Oper'l. Unit
XX	XX	XXX	XXXX	XXX	XXX	XXXXX	XXX	XXX

The purchase orders for the Security Bankcard Center credit card were coded as “Administrative Expenses 000-2213-580-000-0000-000-050.” Using these codes, the function was coded 2213 and the object was coded 580.

According to the OCAS manual, Function 2213 reads as follows:

2213* Instructional Staff Training Services. Activities designed to contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to the LEA or school. Among these activities are workshops, demonstrations, school visits, courses for college credit, sabbatical leaves, and travel leaves. Personnel with Function 1000 salaries would be coded here.

According to the OCAS manual, object code 580 is for Staff Travel:

580* Staff Travel. Expenditures for transportation, meals, hotel, and other expenses associated with staff travel for the LEA. Payments for per diem in lieu of reimbursements for subsistence (room and board) also are charged here. This series would also include travel for all paid employees of the LEA, as well as board members as nonpaid employees.

581 In-District Travel

582 Out-of-District Travel

We spoke with Carol Peery, former encumbrance clerk, regarding control of the credit card. Peery said that two Security Bankcard Visa cards were used exclusively for administrative expenses. During the audit period, the two cards were under the control of Peery and Superintendent Sherry Howe. When Howe resigned, Peery took possession of Howe’s card. The cards were not checked out to other employees and either Peery or Howe had to be present to sign the card.

All Security Card transactions for the period July 1, 2011 to October 1, 2013, were scheduled and reviewed.

Finding 1

From July 1, 2011 to October 1, 2013, \$7,683.77 was spent on food purchases using the administrative credit card. The cost of some meals seemed excessive and the reasons for some travel appeared to be unnecessary.

From July 1, 2011 to October 1, 2013, 72 purchases for food were made using the administrative credit card for a total of \$7,683.77. Each purchase was accompanied by a receipt. The back of the receipt bore the signatures of the employees who ate as well as the reason for the trip.

Reasons given for traveling outside of the District and purchasing meals on the administrative credit card included visiting employees in the hospital, going to the Oklahoma City metro to buy gifts or supplies, and traveling to the State Department of Education.

We spoke with former Superintendent Sherry Howe, who said that she was hospitalized for approximately 90 days in fiscal year 2012. When she was in the hospital, central office staff brought work to the hospital. Howe said it was necessary for all of the central office staff to be present because each person was responsible for a different job and needed to discuss various subjects.

We were able to verify that supplies were purchased on all but three trips that were attributed to buying supplies or gifts in the metro area. For example, on January 12, 2012, there was a \$17.94 purchase at Qdoba in Norman. The back of the receipt was signed by Carol Peery and Donna Mobly and noted “check prices at Sam’s compared to Wal-Mart.” According to Janice Chavers, they were just checking prices on iPads and were not planning to purchase on that day.

On February 2, 2012, a \$203.28 purchase was made at the Cheesecake Factory in Oklahoma City. The back of the receipt bore the signatures of Sherry Howe, Donna Mobly, Janice Chavers, Carol Peery and Phyllis Julian with the notation “School Employee in Hospital.” With five diners in the party, the average meal price was \$40.66 per person.

Meals also were purchased when employees traveled to the State Department of Education. Some of these trips were made to deliver contracts, some were noted as “school business” and some were made to “obtain information.” For example, On March 15, 2012, there was a \$127.27 purchase at the Cheesecake Factory in Oklahoma City. The back of the receipt was signed by Howe, Peery and Mobly with “School Business State Dept.” noted as the reason for the purchase. Assuming three employees dined, the average cost per meal was \$42.42.

We asked Howe about the trips to the State Department of Education. Howe said she felt that teacher contracts had to be hand delivered. She added that with so much employee turnover at the State Department of Education in recent years, they lose items and there is no proof items are ever received. Howe wanted everything hand delivered and stamped “received” by the Department of Education so she had proof of receipt.

The necessity of these trips is questionable and attendance of three-to-five employees per trip may appear excessive. A phone call or email to the Department of Education possibly could be used to collect information. Several postal options are also available that provide proof of delivery.

In August 2012, 11 school board members and employees attended the State School Board Conference in Oklahoma City. While attending the conference, \$1,434.57 in meals were paid using the administrative credit card. This amount included \$489.34 at ‘Saltgrass Steakhouse’ on August 25, 2012, and \$733.69 at the ‘Melting Pot’ on August 24, 2012.

On May 1, 2013, a \$179.56 meal charge was made at ‘The Ranch,’ another restaurant in Oklahoma City. The back of the receipt was signed by Sherry Howe and Rex Trent. The purpose of travel was noted as the State FFA meeting. With Howe and Trent as the only two diners, the average cost of this meal was \$89.78 per person.

Finding 2

The Dickson Public Schools Board of Education held a special board meeting outside of the established school district, in a location inconvenient to the public.

On May 3, 2013, a charge for \$485.71 in food was made at the Embassy Suites Hotel in Oklahoma City. The back of the receipt was signed by several board members and school employees. According to Superintendent Howe, these charges were incurred during an annual planning session held for the Board.

We were provided a copy of the agenda for this special board meeting which showed the address of the meeting as 1815 S. Meridian Avenue, Oklahoma City, OK 73108. The agenda was filed as a ‘special board meeting’ in compliance with state statute.

According to Howe, no action was ever taken at the annual planning meetings. The purpose of the meeting was to go over any issues from the previous year and develop goals and objectives for the upcoming school year. The board members spend up to two nights out of town for these meetings.

25 O.S. § 303, requires the meeting of public bodies to be held at “places which are convenient to the public.” The Dickson School District is over 100 miles from the Embassy Suites where the meeting was held. A meeting held over 100 miles from the school district would appear to be “inconvenient” for district citizens.

Finding 3

From July 1, 2011 to October 1, 2013, \$5,187.29 was spent on the administrative credit card for hotels.

The hotel cost in question was incurred for board members, administrators, and central office support staff. We confirmed through review of supporting documentation that most of these hotel stays were for educational conferences. One exception is detailed below:

On February 19, 2013, charges totaling \$591.36 were made for an advanced deposit at the Gaylord Texan Resort in Grapevine, Texas. On March 3, 2013, six additional charges were made totaling \$805.27, for a grand total charge at the Gaylord of \$1,397.05.

Superintendent Howe stated that the charges were for a one night planning session for administrators. Those attending included Larry Case, Rex Trent, David Gardner, Toby Ringwald, Debbie Custer and Howe. We asked why Howe chose this resort for the session. She said that she selected the Gaylord because she was considering using this hotel for a future board retreat. This overnight planning session cost the District \$1,842.20 inclusive of meals. The total did not include additional transportation expenses.

Finding 4

Dickson Public Schools paid \$415 in membership and service fees to Sam’s Wholesale Club although purchases often were for items that would typically be available locally or through a wholesale distributor.

Dickson Public Schools maintained a membership card and credit card to Sam’s Wholesale Club. The school paid yearly membership fees to Sam’s Club of \$65 in FY 2012, \$95 in FY 2013, and \$105 in FY 2014, in addition to a service fee of \$50 per year. The nearest Sam’s Club is over 40 miles away in Sherman, TX though the majority of receipts were from Sam’s Club in Norman or Oklahoma City.

We reviewed credit card statements from Sam’s Wholesale Club for the period July 1, 2011 to October 1, 2013. Most of the purchases appeared to be for food items, party supplies or office supplies. In most cases, the

items purchased at Sam's could have been purchased locally or through a wholesale vendor thereby saving travel and membership fee costs.

Finding 5 **No policies were in place which defined meal reimbursements on travel claims.**

We examined travel claims for select administrators and support staff for the period of July 1, 2011 to October 1, 2013, and verified that these employees neither submitted reimbursement receipts for items purchased with the district credit card nor did they receive per diem in addition to paid meals. We observed that meal reimbursements ranged from under \$10 to over \$50 per person per meal.

Case and Howe both stated that there were no policies or guidelines regarding the amount an employee could spend on meals while in travel status. The employee was reimbursed the entire amount of the meal regardless of cost.

The Board might consider establishing a travel policy which defines the maximum allowable meal reimbursement while employees are in travel status.

Finding 6 **Credit card expenditures were coded improperly.**

The purchase orders for the Security Bankcard Center were coded as "Administrative Expenses 000-2213-580-000-0000-000-050." Function 2213 was used for "Instructional Staff Training Services." Among the activities mentioned as appropriate for this code are workshops, demonstrations, school visits, and courses for college credit.

Hotel and meal expenses associated with conferences would seem appropriate under Function 2213. However, using the administrative credit card to purchase meals for support staff while these employees were traveling outside the District to purchase supplies, make hospital visits, or obtain information from the State Department of Education, coding as "Instructional Staff Training Services," would appear improper.

Summary Although the credit card spending practices discussed are not a violation of law or school policies and procedures, the board of education and the administration might consider conducting a review of District travel policies and procedures.

Additional oversight by the board could promote fiscal responsibility within the administration and demonstrate a good faith effort by the board toward increasing accountability to the citizens of the District.

Vehicle Usage

Background

Dickson Public School Policy 4030 – *Use of District Owned Vehicles* states that, “Dickson Public Schools own numerous vehicles. All such vehicles are to be used only for official school business, except as otherwise enumerated in this policy.” Policy 4030 also states, “Requests for the use of school vehicles such as the Suburban, etc. must be made in writing and submitted to the administrative assistant three days prior to the date needed.”

In addition to this policy, the District instituted the use of an Activity Trip Report form to document detailed use of school vehicles. This form identifies the group using the vehicle, the vehicle used, date of use, beginning and ending mileage, destination, the individual signing out the vehicle, and other vehicle maintenance information. The Activity Trip Report should have been submitted after the completion of travel.

We obtained the FY 12 and FY 13 Activity Trip Reports for vehicles, excluding buses, to determine if usage was properly documented. Fuelman reports for each vehicle were also reviewed to substantiate the mileage documented on the Activity Trip Reports.

The vans were most often used by groups such as football, band, and golf and generally were not chosen for individual use; the Dodge Stratus’ were used extensively for driver’s education; and the Suburban was used most often by administration and individuals. The vehicles reviewed included:

Vehicle 41 – Dodge Stratus	Vehicle 44 – Dodge Stratus
Vehicle 42 – Van	Vehicle 45 - Van
Vehicle 43 – Chevy Suburban	Vehicle 46 - Van

Finding 1

While policy exists for documenting the use of school owned vehicles, we found minimal evidence that school policy was followed by staff or enforced by administration.

‘Activity Trip Reports’ were not on file or were missing essential trip information including: date of travel, beginning and/or ending mileage, group or individual using the vehicle, and trip destination.

The school Suburban was driven over 14,000 undocumented miles and the school vans were driven almost 6,800 undocumented miles.

To determine undocumented miles, we obtained the total number of miles a vehicle was driven based on ‘Fuelman’ reports and subtracted the mileage documented on available ‘Activity Trip Reports.’ A breakdown of undocumented mileage for the each vehicle is shown below:

Vehicle	Miles per Activity Report FY12	Miles per Activity Report FY13	Total miles driven per Fuelman (July 2011-June 2013)	Undocumented Miles
41-Stratus	377	1,263	9,424	7,784*
42-Van	5,049	3,283	10,912	2,580
43-Suburban	694	688	15,728	14,346
44-Stratus	1,852	3,364	15,571	10,355*
45-Van	3,651	3,442	9,418	2,325
46-Van	6,171	4,997	13,019	1,851
Totals	17,794	17,037	74,072	39,241

** It was determined the majority of the undocumented miles on the two Dodge Stratus were due to their use in the summer Driver’s Education courses.*

Of the six vehicles reviewed, only 47% of the total miles driven were documented as required by school policy. Specifically, for Vehicle 43, the Suburban, only five ‘Activity Trip Reports’ were found for FY12, and only six were found for FY13. Less than 10% of the total miles driven in the Suburban were documented in compliance with school policy.

Summary

The District’s current policy appears adequate, requiring prior notification of travel in writing and documentation of completed travel through an “Activity Trip Report.” However, lack of adherence to these requirements has resulted in poor accountability of vehicle usage within the District.

Required compliance with already established policy should help the Board maintain adequate oversight of the District vehicle usage and help insure fiscal responsibility to the citizens.

Objective IV Review current board policies and lease agreement provisions in regard to a specific lease/rental of district-owned property

Background

The chief concern of the citizen petitioners was that a district owned residence was leased to an employee whose ex-spouse was a convicted felon, allegedly living on school property.

We determined that the District authorized three lease agreements involving two houses and one tract of land. The houses are leased to school employees and the land is leased to individuals who are not employed by the District.

4480 Hwy 199 – House Rental

On February 15, 2013, Misty Duncan, a custodian for the District, signed a “Rental Agreement” for \$250 per month for a house located on school property, at 4480 Hwy 199, Ardmore, Oklahoma.

According to school records, Duncan spent \$2,630.91 on materials for repairs to the house. The rental agreement indicated that the rent would be deducted monthly from the \$2,630.91 balance until all was credited to the benefit of the lessee. Documentation was provided that the \$250 was credited monthly.

On September 30, 2013, another lease agreement was signed and stated:

Beginning October 1, 2013, Misty Duncan will pay \$150 rent to reside as caretaker/grounds watchwoman in the house provided by Dickson Schools. In exchange, she will be available to open buildings, assist when needed and respond to emergency situations.

We spoke with Superintendent Larry Case concerning this agreement and the rent reduction from \$250 per month to \$150 per month. Case said that former Superintendent Howe thought the school did not have a contract with Duncan so before she resigned; a contract was signed with rent set at \$150 a month.

Documentation was provided indicating that Duncan paid \$150 per month in October, November, and December 2013, although funds remained from the \$2,630.91 credit. This \$450 for the months of October, November, and December was credited toward rent in subsequent months.

According to school records, Duncan's rent was current as of February 2014. School officials also provided an electric bill for the property, registered in Duncan's name and a receipt for payment of a water bill by Duncan.

A concern was presented that Duncan's ex-spouse, a convicted felon, was living with her on school property. According to Duncan, her ex-spouse was a convicted felon, but did not currently live with her.

With the exception of registered sex offenders, we could find no statutes that prohibited convicted felons from living on or near school property. We also reviewed the sex offender registry and found that Duncan's ex-spouse was not registered as a sex offender.

During the course of our audit, the District determined that the house at 4480 Hwy 199 required extensive repairs. The board voted at their March 10, 2014 meeting to not make the necessary repairs, allowing Duncan 60 days to vacate the premises. Duncan vacated the house in March 2014.

3534 Hwy 177 - House Rental

Larry Porter, mechanic for Dickson Public Schools, rented a house on school property at 3534 Hwy 177, Ardmore, OK. The rental agreement began on April 2, 2012, and extended until agreement by either party to terminate.

Porter paid \$250 rent per month plus utilities and was responsible for maintenance of the house, the immediate yard, and the storage barn. School officials provided a copy of an electric bill in Porter's name with the service address of 3534 US Highway 177.

We spoke with Porter phone regarding the property leased from the District. Porter said that he has lived on school property since January 1983 and resided in the current house for approximately three years. Porter was expected to be on call 24/7 for emergencies or other issues; and estimated being contacted at least once a week to assist with school business.

Land Rental

In March 2013, Superintendent Howe was contacted by an individual with a proposal to enter into a lease on 15 acres of District owned land north of the Springdale Community Center in Ardmore, OK.

On April 30, 2013, the District entered into a “Grazing Lease” for this property. The contract was a one year lease, for \$1,500 per year, paid in advance and renewable from year to year by agreement of both parties.

Finding 1 **The District had no *written* policies or procedures regarding the rental or lease of school property, or the housing of school employees.**

We spoke with Superintendent Howe regarding the leasing of school properties by Duncan and Porter. According to Howe, the two houses were part of the employees’ contract and were approved every year. However, we could find no evidence that the house leases were approved by the Board or were part of the annual employment contracts. We also found no evidence of an agreement with the Board documenting that Duncan and Porter were on call after hours.

Finding 2 **The lease of District owned property to individuals may not be allowed under statute.**

According to **70 O.S. § 5-117A(10)** a board of education of a school district shall have power to lease real or personal property to the state or any political subdivision thereof or a not-for-profit entity for nominal cash consideration for so long as the use of the property by the lessee substantially benefits, in whole or in part, the same public served by the school district.

Attorney General Opinion **2012 OK AG 3 ¶ 15** provides additional guidance for the leasing of school property. Paragraph 15 of this opinion concludes that a school district’s board of education does have limited power to lease school property to other entities, but that power is limited to leasing to the State, a political subdivision of the State and not-for-profit entities under certain circumstances, or to leasing property no longer needed by the school district.

Summary The leasing of property by a school district appears narrowly defined by statute and legal reference. As such, the authority of Dickson Public Schools to enter into a “Rental Lease Agreement” with an employee or a “Grazing Lease” with an individual is questionable. As such, the Board should consider reviewing all leases and consulting their legal advisor to ensure compliance with state statute.

Disclaimer

In this report, there may be references to state statutes and legal authorities that appear to be potentially relevant to the issues reviewed by the Office of State Auditor and Inspector. 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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