

SPECIAL AUDIT

DOVER PUBLIC SCHOOL DISTRICT

For the period of July 1, 2010 through May 31, 2011



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011

This publication, issued by the State Auditor and Inspector as authorized by **74 O.S. § 227.8**, has not been printed, but is available on our agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

October 19, 2011

Mr. Greg Terrell, Board President
Dover Public School District No. 37I002
P.O. Box 195
Dover, Oklahoma 73734-0195

Transmitted herewith is the Special Audit Report of the Dover Public School District. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 213(C)**.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to serve the citizens of Oklahoma by promoting accountability and fiscal integrity in state and local government.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our special audit.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive.

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

TABLE OF CONTENTS

	page
Board of Education	ii
State Auditor and Inspector’s Report.....	1
Introduction.....	2
Objectives, Findings, and Recommendations	3

OBJECTIVES

OBJECTIVE I. Review staff contracts in comparison to payroll disbursements.....	3
OBJECTIVE II. Review controls and test activity fund transactions.	4
OBJECTIVE III. Review controls and test District expenditure transactions.	7
OBJECTIVE IV. Review controls and test documentation for charges to federal programs.....	11
OBJECTIVE V. Review Board agendas and minutes for Open Meeting issues	14
Other Concern and Recommendation.....	16
ATTACHMENT A	18
ATTACHMENT B	19
ATTACHMENT C	20

**DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011**

**BOARD OF EDUCATION
(AS OF MAY 31, 2010)**

Mike Andrews.....President
Greg Terrell..... Vice President
Larry Harviston.....Clerk
Rocky Turner Member
Nathan Guinn Member

SUPERINTENDENT

Floyd Kirk



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Board of Education
Dover Public School District No. 37I002
P.O. Box 195
Dover, Oklahoma 73734-0195

Dear Members:

Pursuant to the Board of Education's request and in accordance with the requirements of **74 O.S. 2001, § 213(C)**, we performed a special audit with respect to the Dover Public School District, for the period July 1, 2010 through May 31, 2011.

The objectives of our special audit primarily included, but were not limited to, the areas noted in the Board of Education's request. Our findings and recommendations related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Dover Public School District.

Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Dover Public School taken as a whole.

This report is intended solely for the information and use of the District Board of Education and should not be used for any other purpose. This report is also a public document pursuant to the **Oklahoma Open Records Act (51 O.S. 2001, § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones", is written over a light blue horizontal line.

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

June 28, 2011

**DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011**

Introduction

The Dover Public School District (“District”) is an independent school district as described in 70 O.S. § 1-101 *et seq.*, the Oklahoma School Code.

The Board of Education of the District (“Board”) is responsible for the supervision, management, and control of the District as provided by 70 O.S. § 5-117.

The Board and the District are subject to the provisions of the Oklahoma School Code, as well as other statutes found in various titles including, but

not limited to, Title 25 (Definitions and General Provisions), Title 51 (Officers), Title 61 (Public Buildings and Public Works), Title 62 (Public Finance) and Title 68 (Revenue and Taxation).



The District is audited annually by a private independent auditing firm and such reports were available for our review.

The Board requested the State Auditor and Inspector to perform a special audit of the District to include the following objectives:

- Test staff contracts in comparison to payroll disbursements.
- Review controls and test activity fund transactions.
- Review controls and test expenditure transactions.
- Review controls and test documentation for charges to federal programs.
- Review Board agendas and meeting minutes for Open Meeting issues.

The results of our special audit are included in the following report.

OBJECTIVE I. Review staff contracts in comparison to payroll disbursements.

Background

Oklahoma state laws 70 O.S. § 5-141 and 70 O.S. § 6-101 require the Board to execute contracts which define the compensation and benefits to be paid to school administrators and teachers.

Ordinarily, contracts include a base salary amount and may include additional “extra duty” contracts for other services being provided by the District employee. These “extra duty” contracts include contracts for services such as coaching academic teams, coaching sports, driving a school bus, or other services beyond the functions generally associated with the teaching or administrative position.

All contracts, whether a base contract or an “extra duty” contract must be approved by the Board of Education.

Procedures

We obtained an earnings audit report reflecting the total amounts paid to the District employees for both base and extra duty contracts. We then selected 20 contracts representing both administrative and certified teacher positions.

We reviewed the contracts to determine:

- If the contracts were approved by the Board.
- If contracts were executed for extra duty assignments.
- If the amounts paid to employees were consistent with the contract amounts.

During our review, we noted 3 of the 20 District employee’s contracts included an extra duty contract providing for an hourly salary for work performed in relation to a federal grant. We tested the hourly contracts and payments which were included in another section of our report.

Findings

No exceptions were indicated in our test work.

Recommendation

No recommendation is provided for this objective.

OBJECTIVE II. Review controls and test activity fund transactions.

Background

Activity funds are authorized under the provisions of 70 O.S. § 5-129. Activity funds are generally funds that have been raised by student fundraisers, concessions from ballgames, gate admissions from ballgames, and the sale of various items such as chocolate bars or sausage sales as well as other approved fund raising activities.

Activity funds are usually maintained in a single bank account and a separate accounting is maintained for each of the sub-accounts such as academic teams, student council, and various sports activities.

Expenditures from the activity fund, as required by statute, must be by check and must be countersigned by the school activity fund custodian.

Procedures

We tested the activity fund records by:

- Reviewing a block sample of receipt records with the custodian's deposit records for cash composition and irregular deposit items.
- Obtaining bank statements directly from the bank and comparing those records to the activity fund records to determine altered records and/or unusual or irregular deposits.
- Testing a block and judgmental sample of fifty (50) disbursements for requisition forms, supporting documentation and authorized signatures.
- Reconciling one month's disbursements, as reported to the Board, to the actual amounts recorded in the custodian's records.
- Comparing/reconciling the disbursements sampled to the bank statement records obtained directly from the bank.

Findings

Overall, we found the activity fund records to be accurate and well maintained.

In audits performed on other Districts, we have encountered instances where activity funds have been misappropriated by not depositing all funds received, generally cash was missing, and then inserting or substituting checks from another source to balance out the missing cash deposits.

**DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011**

In order to identify if a misappropriation of this type has occurred, we performed a receipt to deposit test for the two month period of October and November 2010. This test covered a total of 104 transactions totaling \$31,400.

Overall, we found the activity fund receipts and deposits to be well maintained, accurate, and easy to follow. We noted one instance in which \$7.00 had been deposited prior to being receipted. Apparently, the error was detected the following month during a reconciliation of the account, and a receipt was issued at that time.

The \$7.00 error represents an error rate of less than 1% based on the number of transactions and 0.02% based on the total transaction amount.

In addition to testing the receipts to deposits, we obtained and reviewed bank statements directly from the bank to determine if funds not related to the activity fund were being deposited into the activity fund account.

Generally, deposits of this nature indicate an increased likelihood that a misappropriation has or is occurring from the account. We found no unaccounted for deposits in the bank records.

In addition to deposits, we also tested 25 disbursements from the activity fund for both November and December 2010. Of the disbursements tested, we found 44 of the 50 (88%) were properly supported.

All 6 exceptions in the disbursement test were for not having an itemized receipt supporting the disbursement. In 5 of the 6 instances, the payments were to the local post office, and purported to be for postage and/or fees. The 6 transactions totaled \$278 and represented about 3% of the total dollar amount of transactions tested.

We found 100% of the disbursements included a signed requisition form, as well as having dual signatures on the checks, as required by statutes.

Because the activity fund custodian has control over the disbursements and also performs the reconciliation of the bank statements, we obtained bank statements for October and November 2010 directly from the bank to verify the bank statements maintained by the District were true and correct.

The records maintained by the District were found to be consistent with the records obtained directly from the bank.

DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011

The Board receives activity fund reports monthly as part of their monthly meeting packet. Included in these reports is a report of activity fund disbursements based on the sub-accounting for each activity (FFA, basketball, baseball, etc).

We obtained the October 2010 report to the Board and compared that report to the actual disbursements from the account. We found the report to the Board reconciled to the disbursements, except for the same \$7.00 error previously noted.

The District does not have an adequate segregation of duties for its activity funds. This is a serious, although not unusual, finding in many school district audits.

During our review, we found the activity fund custodian is responsible for issuing checks, creating reports, depositing funds, and reconciling the records of the activity fund.

A proper segregation of duties is critical to providing an effective internal control system likely to prevent, or at least detect in a timely manner, errors or fraud. A fundamental element in achieving a proper segregation of duties is not having the same person who issues checks and makes deposits also be the same person who obtains, reviews, and reconciles the bank account statements.

Recommendation

The District should implement procedures that provide for a bank statement reconciliation of the activity fund checks and deposits that is *independent* and *separate* from the duties of the activity fund custodian (i.e. a different administrative or staff member does the bank statement reconciliations).

OBJECTIVE III. Review controls and test District expenditure transactions.

Background

The Dover Board of Education (“Board”) approves encumbrances at their monthly meetings by use of a consent agenda. Board members are provided a packet for each meeting containing a meeting agenda which lists the Consent Agenda encumbrances by number. The agenda format appears as follows:

V. Consent Agenda
1. Approval of 2010-11 General Fund Encumbrance’s #536-596, Child Nutrition #61-62, Building Fund #84-94, and attached Change Orders.

The Board packet includes a purchase order register for the encumbrances listed on the consent agenda. An example of the purchase order register appears as follows:

<i>Year</i>	<i>Fund</i>	<i>P.O. Number</i>	<i>Date</i>	<i>To Whom Issued</i>	<i>Description</i>	<i>Amount</i>
2011	11	536	04/19/2011	DELL MARKETING L.P.	NETBOOM REPAIR	199.00
2011	11	537	03/11/2011	JOSTEN DIPLOMA	GRADUATION DIPLOMAS	198.66
2011	11	538	03/29/2011	WAL-MART COMMUNITY	CARES FLOWER BED	17.75
2011	11	539	03/31/2011	THE CENTER FOR ED. LAW	LEGAL SERVICES	162.50
2011	11	540	04/01/2011	JOSTEN DIPLOMA	GRADUATION SUPPLIES	121.00

The approval of the consent agenda items are recorded in the Board meeting minutes. An example of the approval is as follows:

SECOND ACTION: Motion by Terrell, second by Harviston to approve the consent agenda as presented. Motion passed with Andrews, Terrell, Harviston, and Turner voting yes.

Copies of the Board packets are maintained in the Superintendent’s office, which include the meeting agendas, consent agendas, purchase order registers, treasurer’s reports, change orders, and other relevant documents. These packets, along with the meeting minutes, were provided to us for our audit purposes.

Procedures

We reviewed a sample of 50 payments from the District’s General Fund, Building Fund, and Child Nutrition Fund. The payments we reviewed were judgmentally selected and included payments to Sam’s Club, Wal-

Mart, a local convenience store, fuel purchases, and purchases for auto parts.

Our review tested District payments for the following:

- The purchase included a Board approved encumbrance.
- The purchase was supported by an approved purchase order.
- The purchase was supported by an itemized invoice or receipt.
- The purchase included evidence the item(s) had been received.

Findings

One exception was noted in which the District paid \$38.59 for supplies which was not supported by an itemized invoice.

The District paid \$38.59 to Blue Tarp Financial, Inc. for supplies. No itemized receipt was attached to the school purchase order. Blue Tarp Financial is the billing service for Walter Building Center.

The \$38.59 amount represents an error rate of 0.15% (15 hundredths of 1%) of the total dollar amount tested and 2.00% of items tested.

The District was not complying with its own policy concerning mileage reimbursements.

The District's policy manual Section DEE-R states in relevant part:

School vehicles, when available, may be used for official business only. Private vehicles may be used when school vehicles are not available. If a school gasoline credit card is used, mileage will not be reimbursed. Mileage expense will be reimbursed the current IRS approved rate per mile when a school gasoline credit card is not used. (emphasis added)

During our review of travel reimbursements, we tested four claims for mileage reimbursement paid to the District Superintendent. The claims had been completed on pre-printed mileage forms indicating the mileage reimbursement rate as \$0.585 per mile.

The IRS mileage reimbursement rate of \$0.585 per mile was in effect during the second half of 2008. On January 1, 2009, the IRS announced a rate change lowering the rate from \$0.585 per mile to \$0.55 per mile. The \$0.55 per mile rate was in effect until January 1, 2010, when the IRS announced the rate had been lowered again to \$0.50 per mile. Subsequently, the IRS raised the rates, effective January 1, 2011, to \$0.51 cents per mile. It appeared the District intended, by its policy, to adhere to

the IRS guidelines for mileage reimbursement, but it has not updated its reimbursement rate concurrent with changes to those IRS guidelines.

As a result of the four claims we tested, the Superintendent was reimbursed \$75.39 in excess of the IRS authorized rates. The Superintendent had 10 travel claims with mileage. We tested four, and using the average error on those four we estimated there could be an additional overpayment on the other six claims of approximately \$105.00, due to this oversight.

Because the District policy provides that school vehicles be used where possible, the District does not routinely pay mileage claims. We did, however, find one other claim for mileage from an employee other than the Superintendent and noted the mileage reimbursement rate was also listed as \$.585 on a similar pre-printed reimbursement form as well.

The District was not following its own policy concerning travel reimbursement forms to be used.

The District policy DEE-R, previously noted, also states in relevant part:

Claim forms for travel expenses are available in the building administrator's office. The forms will be completed and approved in the respective building and hand-delivered to the business office for payment.

District policy DEE-E2 includes a form for expense reimbursement which is a standard travel/expense reimbursement form used by the State of Oklahoma, i.e. "OSF Form 19" (see attachment A). Based on the provisions of District policy DEE-R, the intent of the policy is to use the OSF Form 19 for travel expense reimbursements

The District was not using the approved form indicated in policy DEE-E2, but rather was using a form titled "300.930 SCHOOL BUSINESS TRIPS REIMBURSEMENT FOR EXPENSES FORM" (see attachment B).

One significant difference between the form being used by the District versus the OSF Form 19 designated by District policy is that the OSF Form 19 incorporates an oath/affidavit above the claimant signature that the claim is "true and correct to the best of my knowledge and belief" (from OSF Form 19, revised 7/09 version). The form currently being used has only signature lines for "claimant" and "Superintendent" with no oath/affidavit.

**DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011**

Recommendations IRS mileage updates are published on the IRS website: www.irs.gov. The IRS generally makes updates on an annual basis although it may, as it did in 2008, also institute a mid-year adjustment. We recommend the District periodically, but at least twice a year, review the IRS publications to determine if the reimbursement rate has been increased or decreased.

We also recommend the District use the OSF Form 19 travel reimbursement claim specified in the District's policy. The form in their policy manual is an out-of-date form (7/96). The District may download a current form from: www.ok.gov/OSF/documents/osf19-04.pdf.

OBJECTIVE IV. Review controls and test documentation for charges to federal programs.

Background

The District gets various types of Federal funds from an assortment of grants and programs. These include but are not limited to:

1. The 21st Century after Schools Program
2. The Ed Jobs program
3. The Title I ARRA
4. IDEAB Part B Special Ed Pre-School
5. Title VI Part B

Some of the programs, such as the Special Education Services (SES) program are designed to pay for salaries (instruction) of the teachers and/or paraprofessionals providing service under the program. The FY11 allocation for SES, for example, was \$48,785.98, of which the total amount was budgeted as salary. In this case, the salary was for one teacher and one paraprofessional.

The salary amounts funded by the grant programs were included in the employment contracts executed between the employee and the District. For example, in the grant cited above, the Special Education teacher's entire contractual salary was funded by this grant program.

Some of the federal programs provide for the purchase of goods or services which are paid from the District's General Fund and subsequently reimbursed to the District after submitting the appropriate paperwork to the Department of Education. In these cases, a review of the District's General Fund expenditures will also include a review of the documentation supportive of the reimbursement under the various grant programs.

Because of the number of federal grant programs and the fact that the requirements for each program may vary widely, conducting a compliance audit of the federal programs would exceed the time and budget contemplated in the Board's request for us to "review controls and test documentation for charges to federal programs."

Instead, we chose to review the District's compliance with the Federal "21st Century" program¹. We chose this program due to the size of the grant allocation (\$81,300) and because the District had executed contracts for pay to District employees based on an hourly amount rather than a fixed annual amount.

21st Century (No Child Left Behind Act)

The purpose of the 21st Century grant, according to the U.S. Department of Education is to:

- (1) provide opportunities for academic enrichment, including providing tutorial services to help students, particularly students who attend low-performing schools, to meet State and local student academic achievement standards in core academic subjects, such as reading and mathematics;
- (2) offer students a broad array of additional services, programs, and activities, such as youth development activities, drug and violence prevention programs, counseling programs, art, music, and recreation programs, technology education programs, and character education programs, that are designed to reinforce and complement the regular academic program of participating students; and
- (3) offer families of students served by community learning centers opportunities for literacy and related educational development.

At the District's level, the 21st Century grant program provides for tutoring services and mentoring programs, among other authorized purposes.

Procedures

The District's budget for this program reflected the majority (60%) of the \$81,300 funding was to be spent on salaries and benefits. The District had executed contracts with staff in order to provide for tutoring and mentoring. As previously noted, those contracts were executed based on an hourly rate for each type of service being provided.

The District maintains timesheets for the staff members receiving pay under the 21st Century program. Separate timesheets were maintained for individual staff members performing separate duties (teaching/mentoring) since the different duties were paid at different hourly rates. We reviewed those timesheet records for a two month period.

¹ U.S. Department of Education Title IV, Part B 21st Century Community Learning Centers.

We tested grant program and payroll records to determine if the District had:

- Executed contracts with the staff being paid under the program.
- Maintained time records supporting the hourly wages.
- Determined if the time records and amounts paid reconciled to the contracted amounts.

Findings

The timesheet hours were consistent with District payroll records, but we noted one mathematical error in the amount of \$10.00.

We were able to reconcile the timesheet hours to the hourly rates specified in the contracts and to the amounts paid to District employees.

We did note a \$10.00 error which appeared to be a computation error. The \$10.00 error represented 0.2% of the total amount tested.

Some of the timesheets were not signed by a supervisory authority.

The timesheets used by the staff were pre-printed time sheets which included a signature line for the employee to certify the time reflected was true and correct. The timesheets also provided a line for the approval signature by a supervisor.

We noted many of the timesheets for November (2010) had not been signed by a supervisor.

Recommendation

We recommend the District establish review procedures to ensure that timesheets are properly reviewed and signed by a supervisor in a timely manner.

OBJECTIVE V. Review Board agendas and minutes for Open Meeting issues.

Background

The purpose of the Open Meeting Act is to “encourage and facilitate an informed citizenry’s understanding of the governmental processes and governmental problems.”² Provisions of the Open Meeting Act are defined and recorded in 25 O.S. § 301 through 25 O.S. §314.

The District maintained typed meeting minutes in a large white three ring binder. The binder contained agendas, meeting minutes, visitor lists and, in many cases, other information pertinent to the meeting such as expenditure summaries, agreements, resignation letters, and/or other information. Additionally, the District maintained the Board Member packets containing consent agendas, expense reports, activity fund reports, and other information presented to the Board.

Procedures

We reviewed the Board minutes and agendas for the audit period of July 1, 2010 – May 31, 2011, and with regard to the following areas of compliance:

- Advance notice of times and places (25 O.S. § 303).
- Recording of votes (25 O.S. § 305).
- Executive Sessions (25 O.S. § 307).
- Written minutes (25 O.S. § 312).

Findings

In our review of the minutes and agendas, we noted an apparent discrepancy concerning executive sessions in the first half of the audit period.

The regular Board meetings held in August, September, and October 2010, each included an executive session in relation to personnel matters. The meeting minutes reflect a motion and second to enter into the executive session, but there was no recording of the votes. For example, the August, 10, 2010, minutes reflected:

² Quoted from the Open Meetings Act, 25 O.S. § 302.

**DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011**

EIGHTEENTH ACTION: Motion by Terrell, second by Turner to convene into executive session at 9:04 p.m. to discuss: 1) any possible vacant positions and any action needed to fill those positions; 2) any possible addendums added to employee's contracts for 2010-11; 3) possible action to approve extra duty contracts for 2010-11; 4) possible action to hire new teacher aides for the 2010-11 school year; 5) possible action to hire a bus driver for the 2010-11 school year; and 6) possible action to hire an elementary secretary for 2010-11. 25 OS Sec. 307 (B) (1)

25 O.S. § 307 (E) states in pertinent part:

No public body may go into an executive session unless the following procedures are strictly complied with:

- ...
- (2) The executive session is authorized by a majority vote of a quorum of the members present and the vote is a recorded vote;

Between December 2010 and May 2011, the Board entered into executive sessions five times, once each in December, February, March, April, and May. The minutes for these executive sessions did include a motion, a second and a recorded vote of the Board members present. The December 13, 2010, meeting minutes reflected:

TENTH ACTION: Motion by Andrews, second by Turner to convene into executive session at 7:30 p.m. to discuss: 1.) annual evaluation of the Superintendent, 2.) with legal counsel regarding pending or threatened claims. Motion passed with McGee, Andrews, Terrell, Harviston and Turner voting yes. (25 O.S. Sec. 307 (B) (1).

The meeting minutes were not video or audio recorded. Therefore, we had no independent source of information to determine whether a vote was or was not taken during the July through November period. Nonetheless, the requirement set forth in 25 O.S. § 307 (E) is that the vote to enter executive session "is a recorded vote."

Whether the issue was not voting to enter executive session or not recording the vote to enter executive session, it appeared the District corrected the problem and began voting and/or recording the vote to enter into executive session, beginning in December and continuing through our audit period.

Recommendation No recommendation is provided for this objective.

Other Concern and Recommendation.

Background

During the course of our audit, concerned citizens provided us with information related to the District having executed a contract and having paid the Superintendent's spouse, Mary Lou Kirk, as a school nurse. The concerned citizens questioned whether or not Mrs. Kirk was qualified to serve in the capacity of the school's nurse and if not, should the payments to Mrs. Kirk be reimbursed to the District.

Because our audit was done at the request of the Board of Education, and did not include the time period Mrs. Kirk was contracted with and employed by the District, we examined a limited number of records to determine if this matter should be addressed further, either by a request of the Board of Education or by some other authority.

Findings

As a licensed practical nurse, the wife of the superintendent was employed part-time for the school nurse duties.

In 2004, the District hired Mary Lou Kirk, the spouse of the Superintendent, as a school nurse and teacher's assistant. Kirk was employed from 2004 through 2010 when she resigned her position from the school.

The concern expressed to us was that Kirk was not qualified to serve as the District's nurse. **70 O.S. § 1-116** (7) states in relevant part:

“A school nurse employed full time by a board of education shall be a registered nurse licensed by the Oklahoma State Board of Nurse Registration...” (emphasis added)

According to the Oklahoma Board of Nursing, Kirk is/was not licensed to practice as a registered nurse in the State of Oklahoma. Based on the statute it appears Kirk was not qualified to serve as a *full-time* school nurse for the District, although it is unclear what impact the part-time status of Mrs. Kirk's nursing duties would have on this issue.

Records we obtained from the Oklahoma Department of Education reflect Kirk was reportedly paid \$129,451 for the four year period from the FY07 school years through the FY10 school year. Of that amount, \$99,912 (77%) of the payments were in relation to her position as a teacher's

assistant and \$29,539 (23%) had been paid in relation to her position as a “school nurse.”

A FY10 extra duty contract for Mrs. Kirk did not have a board signature.

Additionally, the concerned citizens also provided us with copies of contracts including a FY10 extra duty contract signed only by Mrs. Kirk and Superintendent Kirk.

The provisions set forth in **70 O.S. § 5-117** grant the authority to the Board of Education to:

Contract with and fix the duties and compensation of physicians, dentists, optometrists, nurses, attorneys, superintendents, principals, teachers, bus drivers, janitors, and other necessary employees of the district;

The authority to enter into contracts is a responsibility of the Board of Education and not the superintendent of a school district. A 1987 Attorney General Opinion³, discussing teacher contracts, stated:

“the authority to contract with and fix the duties and compensation of teachers lies solely with the local board of education.”

The Board minutes of May 10, 2010, reflect that the contracts for “summer school” FY10 and contracts for FY11 were approved by the Board.

Recommendation We recommend the Board confirm its approval by executing approved contracts with Board signatures, in the same manner as it had done for previous contracts, including Mrs. Kirk’s, as recently as August 2009.

Disclaimer In this report, there may be references to state statutes, Attorney General’s opinions and other 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.

³ 1987 OK AG 80.

DOVER PUBLIC SCHOOL DISTRICT
SPECIAL AUDIT REPORT
JULY 1, 2010 THROUGH MAY 31, 2011

Attachment C
Extra-duty Contract without Board signature.

EXTRA DUTY
2009-10 FISCAL YEAR

DOVER PUBLIC SCHOOLS
INDEPENDENT DISTRICT
KINGFISHER COUNTY, OKLAHOMA

By signing this Extra Duty Contract the employee warrants that he/she has read this contract and understands the terms and conditions of such extra duty contract, particularly that this is a extra duty contract for this school year only and is "as needed basis" only.

_____ Substitute driver on Regular bus route @ \$.00 per route.

_____ Activity &/or shuttle bus driver @ \$.00 per hour.

_____ Substitute Teacher (certified &/or non-certified) @ \$.00 daily or \$.00 hourly if less than 1/2 day.

_____ Substitute Cafeteria Cook or Dishwasher @ \$.00 per hour.

_____ Cafeteria helper – Breakfast program @ \$.00 per hour.

✓ _____ Other (specify) Dismissal School 7:30-8:15 AM (Subst. Cook)

_____ Other (specify) (Adm. Custodian / Menu / Para.) (\$2,925.00/mo. of gross - sumo salary Subst. Cook.)

_____ Other (specify) _____

Employee Signature: [Redacted Signature] Date: 5/10/10

Superintendent Signature: [Redacted Signature] Date: 5/10/10



OFFICE OF THE STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV