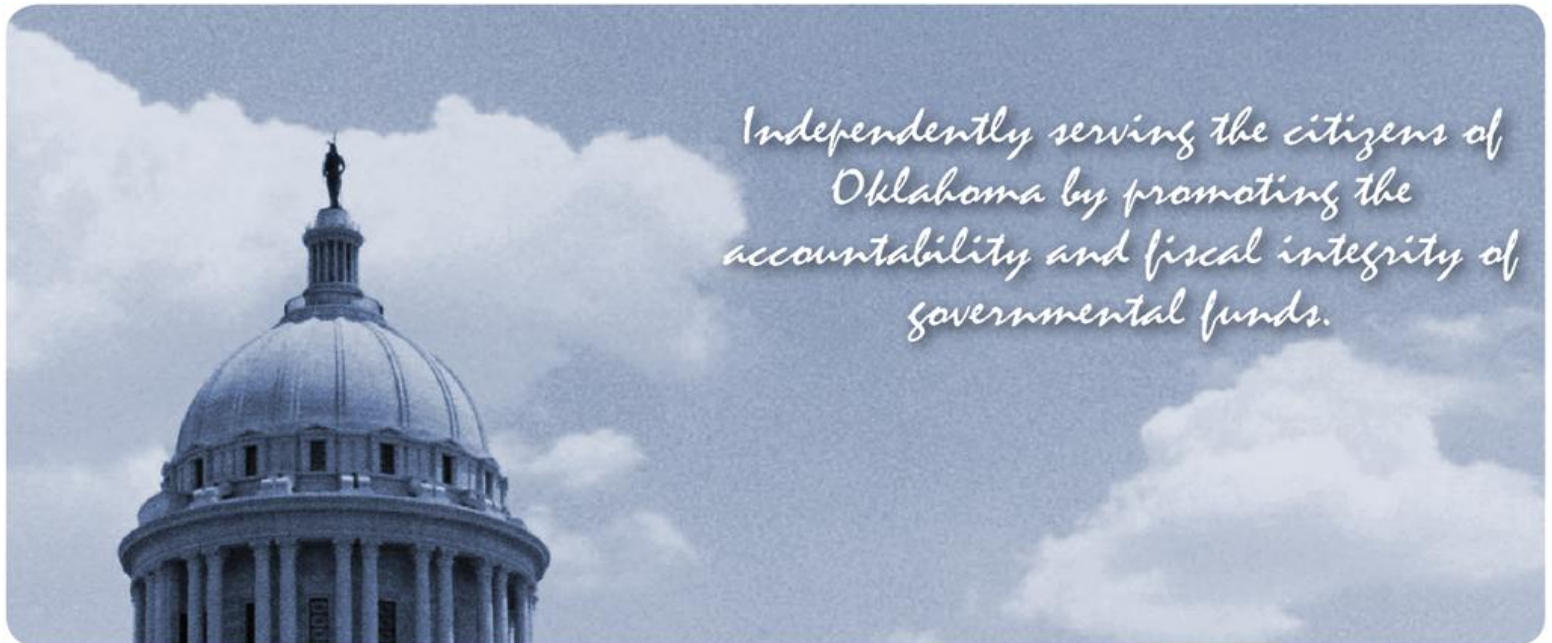


INVESTIGATIVE REPORT

DUSTIN PUBLIC SCHOOLS

January 1, 2012 through June 30, 2013



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

DUSTIN PUBLIC SCHOOLS

INVESTIGATIVE AUDIT REPORT

JULY 1, 2012 – JUNE 30, 2013



Report Highlights

WHY WE CONDUCTED THIS AUDIT

Former State Superintendent of Public Instruction, Janet Barresi, requested the assistance of the Oklahoma State Auditor and Inspector in conducting an audit of the Dustin Public Schools in connection with allegations of improper financial practices.

WHAT WE FOUND

- Superintendent Joe Cummings was overpaid \$5,000 in salary per his amended contract. (Pg. 2)
- Superintendent Joe Cummings and Business Manager Brenda Barnett were improperly paid for unused vacation leave in the amounts of \$6,533.00 and \$7,514.09, respectively. (Pg. 3 & 5)
- Superintendent Cummings and Business Manager Barnett were each paid \$5,000 stipends through gift cards without a properly documented contract in place. (Pg. 3 & 4)
- Business Manager Barnett received \$17,000 in additional salary that had not been included in a Board approved contract. (Pg. 4)
- Brenda Barnett received \$3,946 of retirement coverage reimbursements paid with improper coding, without proper supporting documentation and without documented board approval. (Pg. 6)
- Business Manager Barnett received an undocumented payment of \$1,600 that was not approved by the Board and was not supported with a signed contract. (Pg. 8)
- The compensation received by Superintendent Cummings and Business Manager Barnett for unused vacation leave, gift card stipends, retirement reimbursements and “other” pay were processed outside of the payroll system, without proper accountability of tax liabilities. (Pg. 8)
- Brenda Barnett did not appear to meet the statutory requirements to receive the \$26,400 severance allowance paid to her by the Oklahoma State Department of Education. (Pg. 10)
- Business Manager Barnett had a full-time contract with Dustin schools but failed to work full-time hours between March 1, 2013 and June 30, 2013. (Pg. 13)
- Dustin Schools did not maintain documentation to properly support gasoline credit card purchases. Other expenditures were not properly coded, encumbered, or supported. (Pg.15)



Oklahoma State Auditor & Inspector

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April 20, 2016

Joy Hofmeister
State Superintendent of Public Instruction
2500 N. Lincoln Blvd
Oklahoma City, Oklahoma 73105

State Superintendent Hofmeister:

Pursuant to the Oklahoma State Department of Education's request and in accordance with the requirements of **74 O.S. § 213(C)**, we performed an investigative audit of the Dustin Public Schools for the period July 1, 2012 through June 30, 2013. Transmitted herewith is our Investigative Report.

The objectives of our investigation primarily included, but were not limited to, the areas noted in the State Department of Education's request. The accompanying report presents our findings as related to those objectives.

Because investigative 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 Dustin Public Schools.

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.

This report is addressed to and is for the information and use of the State Department of Education as provided by statute. 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,

A handwritten signature in blue ink, reading "Gary A. Jones", is positioned above the printed name.

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

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DUSTIN SCHOOL OFFICIALS
2012 - 2013

School Board Members

President	Robert Holt
Vice-President	Gloria Crawford
Member	Ronda Flanagan

Superintendent

Joe Cummings

GRAHAM-DUSTIN SCHOOL OFFICIALS
2013 – 2014

School Board Members

President	Ken Kelsey
Vice-President	Robert Holt
Board Clerk	James Page
Deputy Clerk	Ronda Flanagan
Member	Gloria Crawford
Member	Penny Frair
Member	Charles Taylor

Superintendent

Dusty Chancey

INTRODUCTION

In a letter dated November 20, 2014, Janet Baressi, former State Superintendent of Public Instruction for the State of Oklahoma, requested the assistance of the Oklahoma State Auditor and Inspector in conducting a special audit of alleged inappropriate financial transactions discovered during the consolidation process of the Dustin Public School District and the Graham Public School District. The two schools consolidated on July 1, 2013, to form the new Graham-Dustin Public School District.

A review conducted by the Oklahoma State Department of Education (OSDE) indicated the former Dustin Superintendent and the former Dustin Business Manager had allegedly received pay in the form of bonuses and unused vacation leave which was not authorized by contract or school policy and at least some of the pay had not been properly processed through the payroll system. The review also alleged, in part, that the former Business Manager had received severance pay she was not entitled.

As a result of the above request, the primary objective in our investigation was to determine if pay received in the form of salaries, bonuses, and severance pay was in compliance with state statute and school policy. We also noted other items during our investigation that have been included in our report.

The results of our investigation are documented in the following pages of this report.

EMPLOYEE COMPENSATION

Background We reviewed state statutes, school board meeting minutes, board policies, purchase orders, contracts, and payroll documents to determine the authorized compensation and actual compensation paid to former Dustin Superintendent Joe Cummings and former Dustin Business Manager Brenda Barnett.

Finding **Joe Cummings received a \$5,000 overpayment in salary.**

In the May 6, 2013 school board meeting, the board approved in the minutes a \$28,000 increase in compensation to Cummings to be paid as \$23,000 in salary plus a stipend bonus of \$5,000 in gift cards with the specific breakdown as shown below:

Robert Holt made the motion to approve amended Contracts for the Administrative Staff. The Superintendent's amended contract as follows: District Test Coordinator \$10,000, Registrar \$8, 000, Groundskeeper \$5,000 and a stipend bonus of \$5,000 in gift cards (Wal Mart- \$2,500 and Lowes -\$2,500.)

An amended contract signed by the board on May 7, 2013, increased Cummings' salary from \$78,000 to \$106,000 a total increase of \$28,000, \$5,000 more salary than was approved by the board. The amended contract did not mention the "stipend bonus of \$5,000 in gift cards" although it was paid in addition to the full \$28,000 increase. The amended contract also did not define the pay increase and the administrative assignments as they had been approved in the minutes. The amended contract was adjusted as follows:

NOW THEREFORE, the School District and Administrator agree as follows:

1. **Employment.** The School District assigns to Administrator the following administrative assignment: Superintendent - \$40,000.00 , Principal- \$38,000.00
and Math Teacher- \$28,000.00

amended

Cummings received four \$7,000 checks in May and June 2013, for a salary increase of \$28,000. The salary increase approved in the minutes was \$23,000, resulting in an overpayment of \$5,000.

Finding Joe Cummings received \$5,000 in compensation paid with gift cards.

As noted above, Cummings was approved a total compensation increase of \$28,000, \$23,000 in salary and \$5,000 in gift cards. Cummings was paid \$28,000 in additional salary and the \$5,000 in gift cards, for total additional pay of \$33,000.

According to **70 O.S. § 5-141(D)** “The school district shall not be authorized to pay any salary, benefits or other compensation to a superintendent which are not specified in the contract on file.”

The gift card compensation was not a proper payment, was not included in Cummings amended contract as required by statute, and was not paid through the payroll system. Compensation not managed through the payroll system allows payments to be made which are not subject to state and federal taxes, retirement or social security.

Finding Joe Cummings was improperly paid \$6,533 for unused vacation leave.

Dustin school policy does not allow for the accumulation of vacation leave nor does it appear to include any provision for payment of unused vacation leave. Policy states:

Vacations

Support personnel of Dustin School District employed on a twelve-month basis shall receive credit for ten days of paid vacation per year, accrued at a rate of one day per month after the first two months of employment.

3. Vacation time cannot be accumulated or carried over from one school year to the next.

Additionally, **70 O.S. § 5-141(D)** prohibits a school district from paying any compensation to a superintendent which is not specified in their contract and also states in relevant part:

“The school district...shall not pay administrators any amounts for accumulated vacation leave benefits that are not calculated on the same formula used for determining payment for accumulated vacation leave benefits for other twelve-month full-time employees of that school district.”

On April 2, 2013, Purchase Order #2013-11-87 was requested and approved by Cummings for the payment of unused vacation leave to himself in the amount of \$6,533. On the purchase order, the payment was

described as a “Reimbursement” and coded 2573 - Inservice Training. The pay was itemized as:

<u>Joe Cummings for his unused vacation days</u>	
Year 1 2011-12: 1 Week:---	\$1658.00 payable first June Board meeting
Year 2 2012-13: 3 Weeks --	\$4875 payable last June Board Meeting
Total: \$6533.00	

Cummings received two checks in the amounts stated above on June 3, 2013 and June 24, 2013, respectively. Neither the original nor amended contract for Cummings included pay for unused vacation leave as part of his compensation.

Board approval for payment of the unused vacation leave could not be found, and the three former Dustin board members, Robert Holt, Ronda Flanagan, and Gloria Crawford did not remember authorizing the payments. The \$6,533 appears to be improper compensation paid to Joe Cummings outside of the payroll system, without proper accountability of tax liabilities.

Finding

Brenda Barnett received \$17,000 in additional salary and \$5,000 in compensation paid with gift cards without the provisions of a written contract.

On May 6, 2013, the school board voted to amend Brenda Barnett’s contract approving compensation for Barnett to be paid as shown below:

The Administrative Assistant’s contract amendment as follows: Consolidation purposes and claims preparation bonus of \$17,000 divided into four installments (two payments in May and two payments in June.) And a stipend bonus of \$5,000 in gifts cards (Wal Mart \$2,500 and Lowes \$2,500.)

Barnett received the \$17,000 bonus in four payments of \$4,250 each. These four payments were made through the payroll system but no amended contract was completed or signed by the Board.

The \$5,000 paid in gift cards was not documented in a contract, and was not paid through the payroll system.

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).”

Both forms of compensation to Brenda Barnett should have been addressed in her official contract and paid through the payroll system. Since an official contract was not obtained for these transactions, the payments would appear to be inappropriate compensation.

Finding

Brenda Barnett was improperly paid \$7,514.09 for unused vacation leave.

On April 2, 2013, Purchase Order #2013-11-88 was encumbered by Brenda Barnett and requested and approved by Joe Cummings for the payment of unused vacation leave to Barnett in the amount of \$7,514.09. The purchase order was defined as a “Reimbursement” and coded as 2620 – Maintenance.

The pay was itemized as:

Brenda Barnett for her unused vacation days.

Year 1 2008-09:	1 Week---	\$656.00	payable May Board meeting
Year 2 2009-10:	1 Week---	\$772.92	payable May Board Meeting
Year 3 2010-11:	1 Week----	\$825.00	payable May Board Meeting
Year 4 2011-12:	3 Weeks---	\$2968.50	payable first June board meeting
Year 5 2012-13:	2 Weeks---	\$2291.67	payable last June board meeting
Total:		\$7514.09	

Barnett received three checks on May 6, 2013, June 3, 2013, and June 24, 2013, totaling \$7,514.09.

Board approval for payment of the unused vacation leave could not be found, and the three former Dustin board members, Robert Holt, Ronda Flanagan, and Gloria Crawford did not remember authorizing the payments.

As stated in the finding above, Dustin school policy does not allow for the accumulation of vacation leave nor does it include any provision for payment of unused vacation leave. The \$7,514.09 appears to be improper compensation paid to Brenda Barnett outside of the payroll system, without proper accountability of tax liabilities.

Finding

Brenda Barnett received \$3,946 of retirement coverage reimbursements paid with improper coding, without proper supporting documentation and without documented board approval.

Brenda Barnett's contract for the 2012-2013 year indicated the District was to reimburse her for her portion of retirement coverage in the amount of \$3,946.

The employee shall be paid as follows:	
For services rendered, the Board agrees to pay the Employee:	
Yearly Rate	\$ <u>55,000.00</u>
Hourly Rate	\$ _____
Insurance	\$ <u>3946.00 (Retirement coverage)</u>

According to Barnett, her retirement coverage had always been included as a reimbursement amount in her contract. However, we found that Barnett's two previous contracts, 2010-2011 and 2011-2012, did not indicate a retirement coverage reimbursement payment.

It could not be determined if the \$3,946 in "Retirement coverage" was part of Barnett's original 2012-2013 contract or had been added at a later date. The only reference to approval of Barnett's employment contract was in the June 28, 2012, minutes where Board Member Ronda Flanagan's motion, and Board member Gloria Crawford's seconded to accept the Superintendents recommendation to increase the salary amounts for the Superintendent and the Administrative Assistant.

We found no mention of any retirement coverage reimbursement and could find no further evidence that the retirement reimbursement payments were ever approved by the Board. According to Board members

**DUSTIN PUBLIC SCHOOLS
INVESTIGATIVE AUDIT
DATE OF RELEASE: APRIL 20, 2016**

Holt and Flanagan, they could not remember any details regarding this part of Barnett's contract.

Barnett's \$3,946 retirement coverage reimbursement was made through two check transactions each in the amount of \$1,973. The first transaction, check #251, dated December 3, 2012, was paid through Purchase Order 2013-11-6 approved by Joe Cummings on July 2, 2012, which included an encumbrance of \$1,973 for half of Barnett's retirement coverage reimbursement. The payment was coded to "2573-580 Staff Travel".

This payment was also documented on a "Travel Reimbursement Form" dated November 28, 2012.

DUSTIN PUBLIC SCHOOL TRAVEL REIMBURSEMENT FORM					
Name	<u>Brenda Barnett</u>			Date	<u>11/28/12</u>
Title/Purpose of Meeting					
Location of Meeting					
Date/Time of Departure				Date/Time of Return	
Round Trip Mileage				x .50	
Toll Fees					
Conference Registration					
Motel Name					
Motel cost: per night				x	(# of nights)
Other (fax, copies, etc)					
Date	Meals	Restaurant	City	Amount	
	Day 1 Breakfast	Reimbursement for retirement fee per Board agreement		\$1973.00	
	Lunch				
	Dinner				
	Day 2 Breakfast	See attached minutes (6 months)			
	Lunch				
	Dinner				
	Day 3 Breakfast	calculated twice per year			
	Lunch				

We could find no supporting documentation for the second transaction, check #569, dated June 3, 2013, shown below.

THE BOARD OF EDUCATION DUSTIN PUBLIC SCHOOLS DISTRICT 1-B HUGHES COUNTY DUSTIN, OKLAHOMA		WARRANT/CHECK		
TO THE TREASURER GEN FUND-FOR OP		Series 2012-2013	DATE 06/03/13	NUMBER 569
*****\$1,973Dollars and 00 Cents		AMOUNT \$1,973.00		
PAY				
TO THE ORDER OF	BRENDA F. BARNETT P.O. BOX 691 ADMIN ASSISTANT/BUSINESS MANAGER BEGGS OK 74421			
	PRESIGNED BY <u>Brenda Flanagan</u> TREASURER <u>Dana Ward</u>			

The Travel Reimbursement Form referred to “attached minutes”. As noted above, we found no evidence that the payment for retirement reimbursement noted on this form, or that the June 3, 2013, payment had been approved by the Board.

The \$3,946 paid for reimbursement of “Retirement coverage” appears to be improper compensation paid to Brenda Barnett. The payments were made with improper coding, without proper supporting documentation and without documented board approval.

Finding

Brenda Barnett received \$1,600 in additional pay that was not approved by the Board.

Barnett received Check #687 dated June 27, 2013, in the amount of \$1,600. Dustin school board members Holt and Flanagan believed the payment was possibly for helping with year-end financial accounting; however, the payment was made in advance, approval for the payment was not found in the board meeting minutes, and we found no contract in place to support the payment as required by **70 O.S. § 5-123** which states:

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).”

The \$1,600 appears to be improper compensation paid to Brenda Barnett.

Finding

Joe Cummings and Brenda Barnett received pay which was not properly processed through the payroll system.

Joe Cummings received \$5,000 of compensation in gift cards and \$6,533 of compensation in unused vacation leave payments for a total of \$11,533 that was not properly processed through payroll.

Brenda Barnett received \$5,000 of compensation in gift cards, \$7,514.09 of compensation in unused vacation leave, \$3,946 of retirement reimbursements, and \$1,600 additional pay for work after the end of the school year, for total extra compensation of \$18,060.09 that was not processed through payroll.

Compensation for employees not processed through payroll exposes the district and employees to tax liabilities, leaves compensation not properly reported for teacher retirement, and results in total compensation paid employees to be improperly reported.

Finding

Dustin School District employees were paid a Christmas stipend with gift cards.

In the December 3, 2012 board meeting, board members approved “Christmas Stipends” for district employees. The minutes did not specify how the stipends were to be paid or for how much. It was determined that the stipends were paid with \$200 Wal-Mart gift cards not processed through the payroll system.

SEVERANCE ALLOWANCE

Background

The Oklahoma State Department of Education (OSDE) requested a review of the “unemployment compensation” paid to Brenda Barnett, the Administrative Assistant/Business Manager for the Dustin School District. Barnett was under contract with the District during the 2012-2013 school year, the year preceding the year of consolidation.

Title 70 O.S. § 7-203 and the Oklahoma Administrative Code Section 210:1-3-2(e) provide for *employment assistance* which may include provision of a *severance allowance* to employees of a consolidated school district who were not rehired by the new school district and may also include the payment of *unemployment compensation* benefits.

The term “unemployment compensation” was at times used by OSDE interchangeably with the terms “employment assistance” and “severance allowance”. All three terms were referred to in the statutes and in communications with OSDE. In our investigation, we considered “unemployment compensation” as any compensation received through the

Oklahoma Employment Security Commission.¹ “Employment assistance” and “severance allowance” refers to the funding provided through the OSDE School Consolidation Assistance Fund.

The “School Consolidation Assistance Fund” was established under **70 O.S. § 7-203. Section B(1)(c)** of this statute provides in part:

“...The State Board of Education shall provide a severance allowance to employees **dismissed** from employment due to annexation or consolidation of a school district in the year of the annexation or consolidation and who were denied a severance allowance or unemployment compensation benefits.... Application for a severance allowance shall be made to the Finance Division of the State Department of Education by the **dismissed** employee no later than September 1 of the fiscal year immediately following the fiscal year in which the annexation or consolidation occurred...” [Emphasis added]

Finding

Brenda Barnett did not meet the statutory requirements to receive the \$26,400 severance allowance paid to her by the Oklahoma State Department of Education.

On March 1, 2013, just 17 days after the vote to consolidate the Graham-Dustin school districts, the Okmulgee Public School Board of Education met in a Special Meeting and officially approved Brenda Barnett’s employment. As shown in the Okmulgee Board minutes below, Barnett was contracted hourly for the remaining of FY2013, and was to be employed as the School Business Manager for FY2014. Barnett signed a contract with the Okmulgee School District on July 1, 2013.

Minutes
Page 2
Special Meeting
March 1, 2013

Item # 2: Mr. James moved and Mr. Wiemer seconded the motion to approve employment of staff as listed:

Johnny Dreyer - Assistant A.D. (FY14)
Ed King - Web Master / IT Assistant / Athletics (FY14)
Brenda Barnett - School Business Manager (FY14)
Brenda Barnett - supplemental Bookkeeping services for FY13
(contracted hourly)

Tuggle	aye
James	aye
Wiemer	aye

(Motion carried)

¹ Per OESC, no unemployment claims had been filed by Brenda Barnett.

As noted above, statute requires OSDE to provide a severance allowance for employees **dismissed** from employment due to annexation or consolidation of their school. Based on Barnett's employment with the Okmulgee School District, Barnett appears to not have been **dismissed** from her employment with Dustin Public Schools but chose to forego employment with the Graham-Dustin School District and chose employment with the Okmulgee School District instead.

As defined in statute, to qualify for severance an employee must be dismissed from employment due to consolidation of their school district. It appears Brenda Barnett was not dismissed from the Graham-Dustin School District but left willingly, through employment with Okmulgee Public Schools. Not being **dismissed**, and attaining full-time employment with another school district, would appear to negate Barnett's qualifications for receipt of the \$26,400 severance allowance paid by the Oklahoma State Department of Education.

OSDE should consider requesting reimbursement of the severance allowance paid to Brenda Barnett.

Finding

The Oklahoma State Department of Education's 'Application for Severance Allowance' does not appear to properly quantify a school district employee's qualification for receiving a severance allowance.

The amount of severance paid by OSDE, if any, is calculated on maximum severance (80% of base salary) less income or benefits being received, multiplied times percentages based on years of service, effort in seeking other employment and type of consolidation.²

To gather information for completion of the worksheet, an applicant must complete an "Application for Severance Allowance".³ The application request details as to position and pay held at the consolidating district, job status with the receiving district, employment search efforts and any and all benefits being received. The application does not specifically ask for the applicants other employment and pay.

As noted below, the application request information concerning *application* for employment with other school districts, including additional documentation of efforts to seek employment. The application does not require reporting of current employment and the amount of income associated with that employment.

² See worksheet on Brenda Barnett severance calculation at Addendum 2.

³ See Brenda Barnett's "Application for Severance Allowance" at Addendum 1.

If no, have you applied for employment with other districts in your area? <u>yes</u>
If yes, where? <u>Okmulgee Public Schools</u>
(Please provide documentation of your efforts to seek employment)

The finance calculation worksheet utilized by OSDE requires a deduction for “Other Employment” wages from the severance amount, but as discussed above does not specifically request this information from the applicant.⁴

Finding

Information provided by Brenda Barnett on the Oklahoma State Department of Education’s application was misleading.

Brenda Barnett had other employment income and had already been employed by the Okmulgee School District when presenting her ‘Application for Severance Allowance’. Under full disclosure, Barnett should have communicated her employment status to the State Department of Education.

According to OSDE, subsequent requests were made to Barnett that she provide additional documentation on her efforts to seek employment.

Barnett submitted a letter dated October 7, 2013, stating she had applied for a position at the Graham-Dustin and Okmulgee School Districts, information which was already on her application. No additional or new information was provided in this letter. Despite having been employed by Okmulgee for over three months, Barnett continued to not disclose her current employment.

According to a representative with OSDE, “If Ms. Barnett had disclosed on her application the Okmulgee employment wages, then the Finance calculation recommendation to the Oklahoma State School Board would have been for zero (0) severance.”

Finding

Brenda Barnett’s severance allowance application was not received by the Oklahoma State Department of Education in a timely manner.

Barnett submitted an “Application for Severance Allowance” dated July 7, 2013, to OSDE. The application was date stamped by OSDE on

⁴ See worksheet on Brenda Barnett severance calculation at Addendum 2.

September 23, 2013. According to Oklahoma Administrative Code **Section 210:1-3-2(e)(4)(D)**:

Only *timely* applications for severance received by the State Department of Education, Finance Division, will be considered. All applications for severance to the State Department of Education *must* be received no later than **September 1** of the fiscal year immediately following the fiscal year in which the annexation or consolidation occurred. [Emphasis added]

Barnett's application was not received by the OSDE in a timely manner; according to OSDE personnel, Barnett stated she had previously submitted an application prior to the September 1st deadline. That application could not be found so OSDE accepted the late application.

OTHER ISSUES

In the course of our investigation other issues came to our attention that appeared to involve possible mismanagement of school resources.

Time Reporting For Brenda Barnett

Background

Brenda Barnett was employed by the Dustin Public School district through a "Support Employee Contract" which began on July 1, 2012 and ended June 30, 2013. As a 12-month salaried employee, Barnett would be considered full-time and customarily expected to work 2080 hours per year or 40 hours per week for 52 weeks a year. Barnett's contract or school policy did not state a requisite number of hours to work during the term of the contract.

According to the former Dustin Superintendent, Barnett's original work schedule was from 7:30am to 4:00pm five days a week. Approximately November 2012, and for the remainder of the 2012-2013 school year, Dustin schools began working a four day school week, longer days but only four days a week.

Beginning March 1, 2013 and continuing through June 30, 2013, Barnett began 'Contract Services' for Okmulgee Public Schools. According to Barnett, she worked in Okmulgee on Fridays, her day off from Dustin, and would work a little on other work days by leaving Dustin around 3:30 p.m. or 4:00 p.m. and working at Okmulgee till 5:30 p.m. or 6:00 p.m. According to Barnett, she did not have access to the building at Okmulgee after hours or on weekends.

Finding

Based on Brenda Barnett’s work schedules, invoices billed Okmulgee, and verbal statements, Barnett did not appear to maintain full-time work hours with Dustin Public Schools, as required by her contract.

Barnett entered into a ‘Contract for Services’ with Okmulgee Public Schools for employment, from March 1, 2013 through June 30, 2013. She was to be compensated “\$20.91 per hour for onsite services and travel time”.

She submitted four invoices for her work at Okmulgee, details of the invoices are shown below. Okmulgee did not require, and Barnett could not provide a timesheet, or the exact dates and times worked.

Time Period		Invoice #	# of Fridays	# of business days	Dollar Amount Invoiced	Hours Billed/Equivalent 8 hr Days
Begin	End					
3/4/2013	3/25/2013	1	3	16 *	\$1,170.96	56 hrs/7
3/29/2013	4/25/2013	2	4	20	\$1,840.08	88 hrs/11
4/30/2013	5/30/2013	3	4	22 **	\$2,007.36	96 hrs/12
5/31/2013	6/26/2013	4	4	19	\$3,043.75	145.6/18.2
		Totals	15	77	\$8,062.15	385.6/48.2

* Spring Break included

** Memorial Day excluded

During Barnett’s employment at Okmulgee, March 1, 2013 – June 30, 2013, there were 15 Fridays and five days of Spring Break, for a total of 20 open⁵ days at eight hours per day, or 160 hours of billable time during normal work hours. This would leave 57 business days to account for the additional 225.6 hours of billed time to Okmulgee, or almost four hours of every available working day during this time period spent in employment at Okmulgee instead of working at Dustin.

Barnett admitted to working most of the working days in June at Okmulgee instead of Dustin. She also stated she took a week of vacation to work in Okmulgee. Barnett was only entitled to two weeks of vacation leave and, as previously noted in this report; she was paid for two weeks of unused vacation leave for 2012-2013.

It appears, Barnett either failed to work in Dustin a minimum of 40 hours per week, not fulfilling her contract requirements to Dustin Public Schools, or billed Okmulgee Public Schools for time not worked.

⁵ “Open” meaning she was not required to be at Dustin on Fridays since they had instituted a four day work week and allowing five spring break days.

Gasoline Credit Card Purchases

Background

Dustin Public Schools maintained three Phillips 66 gasoline credit cards. According to Superintendent Cummings, he used one card and Brenda Barnett maintained the other two cards. According to Barnett, gas cards were checked out for use with buses, the school vehicle, or if someone attended a workshop or traveled on school business.

According to Cummings, Dustin had one school vehicle which used gasoline; the buses used by Dustin were diesel. All purchases charged to the Phillips 66 statements reviewed were for gasoline.

Finding

The school district's gasoline credit card appeared to have been used in a questionable manner.

Blanket Purchase Order 2013-11-40 was requested and approved on July 2, 2012, for payments to the Phillips 66 Credit Card Center for fuel. From July 2, 2012 through May 1, 2013, payments totaling \$5,381.70 were made against Purchase Order 2013-11-40.

We reviewed a total of 105 gas card transactions. Of these 105 transactions, 18 were completed on either a Saturday or a Sunday, totaling almost \$900. Two transactions took place in Glenpool on a Sunday at the same station with the same card, just one minute apart at 21:44 and 21:45.

We also noted 36 transactions conducted at turnpike fuel stations without a corresponding charge on the schools Pikepass account, indicating that a non-school vehicle was in use during those purchases.

Additionally, over \$160 of finance charges and late fees were paid on the credit card during FYE 6/30/13.

School officials could not provide documentation to support the individual use of the credit cards, the use of the school vehicles or buses or the business purpose of the travel conducted.

Expenditures

Finding

We noted multiple expenditures had not been properly coded, encumbered or were not supported with adequate documentation.

Expenditures reviewed as part of our investigation revealed multiple administrative violations including OCAS coding errors, misuse of blanket

purchase orders, purchases not properly encumbered, and purchases not supported with adequate documentation.

The extent of the miscoding and adequate documentation appeared to possibly be deceptive in nature, an attempt to mislead those in an oversight capacity.

Addendum 1

Application for Severance Allowance 70 O.S. § 7-203(b)(3)
PLEASE FILL OUT AND SUBMIT THIS FORM WITH ALL APPROPRIATE DOCUMENTATION TO THE FINANCE DIVISION OF THE
STATE DEPARTMENT OF EDUCATION BY SEPTEMBER 1 OF THE FISCAL YEAR IMMEDIATELY FOLLOWING THE FISCAL
YEAR IN WHICH THE ANNEXATION OR CONSOLIDATION OCCURRED

Date: July 7, 2013 Phone: [REDACTED] Teacher Number: [REDACTED]

Full Legal Name: Brenda Faye Barnett Social Security Number: [REDACTED]

Address: [REDACTED] City: [REDACTED] State: [REDACTED] Zip Code: [REDACTED]

1. Employment:

A. Employer: Dustin Public Schools Position: Adm Assistant/Business Manager

B. How long have you held this position? 5 years . Full-time or part-time? Full time

C. What was your base salary for the past year, exclusive of fringe benefits? 55,000.00
(Please include a copy of your signed teaching contract evidencing your salary agreement)

D. Date district was annexed or consolidated: consolidated Voluntary or mandatory? voluntary

E. Were you a working employee of the district on the date listed above? NO If no, please explain: My name was not on the hiring list, was not offered a job

F. If you were a teacher, were you career or probationary? NA

G. Did you apply for a job with the annexing/receiving district(s)? yes Were you offered employment? no (Please provide documentation from the district(s) of your offer or denial)

H. If yes, did you accept the position and on what date will you begin work? [REDACTED]

I. If no, have you applied for employment with other districts in your area? yes
If yes, where? Okmulgee Public Schools
(Please provide documentation of your efforts to seek employment)

2. Benefits:

A. Have you applied for unemployment benefits? no If yes, were you granted unemployment? [REDACTED]

B. When did you apply? [REDACTED] When did you or will you begin receiving benefits? [REDACTED]

C. How much do you receive in monthly unemployment benefits? [REDACTED] (Please include documentation)

D. Have you applied for or are you receiving any other form of employment assistance (i.e. Retirement, Workers Compensation)? no What kind? [REDACTED]

E. On what date did you begin receiving or will you begin receiving benefits? [REDACTED]

F. How much will you be receiving in monthly benefits? [REDACTED] (Please include documentation)

G. Did you apply for severance pay from the annexing/receiving district(s)? no When? [REDACTED] Were you approved? [REDACTED] (Please include documentation of your request and if denied, a copy of your denial)

H. If approved, how much are you receiving in severance allowance? [REDACTED] (Please include documentation)

RECEIVED
SEP 23 2013
STATE DEPT. OF EDUCATION
STATE AID SECTION

Addendum 2

Janet Barresi State Superintendent of Public Instruction Oklahoma State Department of Education																											
Full Legal Name: <u>Brenda Barnett</u>		Date: <u>9/1/2013</u>																									
Previous Base Salary (exclusive of fringe benefits):																											
Base Salary	\$	55,000.00	*																								
Times 80%	\$	44,000.00	*																								
Maximum Severance		\$	44,000.00																								
Less Weekly/Monthly Income or Benefits:																											
1) Unemployment	x	No. of Pay Periods	\$																								
Teacher Retirement	x		-																								
Workers Compensation	x		-																								
Other employment	x		-																								
Allowable Severance		\$	44,000.00																								
Times Percentage (enter "1" in the appropriate area)																											
2) Voluntary - 25%	<u>1</u>	25%																									
OR																											
Mandatory - 5%	<u> </u>	0%																									
3) Years of Service	<u>5</u>	10%																									
Times Yearly Percentage (See below)																											
4) Efforts in seeking other employment																											
Active - 25%	<u>1</u>	25%																									
OR																											
Non-active - 5%	<u> </u>	0%																									
Total Percentage		60%																									
Calc. Severance Pay (Allowable Severance times Percentage)		\$	26,400.00																								
TOTAL SEVERANCE AMOUNT		\$	26,400.00																								
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th colspan="3">Years of Experience</th> <th>Percentage</th> </tr> <tr> <td>0</td> <td>to</td> <td>5</td> <td>10%</td> </tr> <tr> <td>6</td> <td>to</td> <td>10</td> <td>20%</td> </tr> <tr> <td>11</td> <td>to</td> <td>15</td> <td>30%</td> </tr> <tr> <td>16</td> <td>to</td> <td>20</td> <td>40%</td> </tr> <tr> <td>21</td> <td>to</td> <td>25</td> <td>50%</td> </tr> </table>				Years of Experience			Percentage	0	to	5	10%	6	to	10	20%	11	to	15	30%	16	to	20	40%	21	to	25	50%
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Other Justification for Reduction:																											
* MBA - Maximum Benefit Allowance																											

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.



OFFICE OF THE STATE AUDITOR & INSPECTOR
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