



# TOWN OF KEOTA

Investigative Audit

April 21, 2022

**Cindy Byrd, CPA**  
State Auditor & Inspector

**Town Of Keota**  
**District Attorney Request**  
**Investigative Audit Report**



April 21, 2022

**TO THE HONORABLE CHUCK SULLIVAN, DISTRICT ATTORNEY, DISTRICT 18**

Pursuant to your request and in accordance with the requirements of 74 O.S. § 212(H), an investigative audit was performed of the Town of Keota.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide services to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is addressed to, and is for your information and use, 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 that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

## AUDIT SUMMARY



### Town of Keota Investigative Audit

## WHY WE DID THIS AUDIT

Under 74 O.S. § 212(H) District Attorney Chuck Sullivan tasked the State Auditor & Inspector's office with conducting an audit of the Town of Keota (Town) and the Keota Public Works Authority (KPWA).

Further discussion with the District Attorney and law enforcement refined our objective to the review of revenues and expenditures as related to trustee Tina Carey's involvement in the Town's daily financial operations.

Tina Carey served as a town trustee between 2016 and 2021 and served as mayor between October 2016 and May 2019. As an elected official, she had access to bank statements, financial records, and shared the responsibility of approving expenditures. Carey was also an authorized signer on all Town and KPWA bank accounts.<sup>1</sup>

As part of our investigation we performed the following:

1. Interviewed board members and employees;
2. Reviewed town revenues and expenditures;
3. Tested utility billing and the related receipting and depositing of utility revenue;
4. Reconciled bank account transfers; and
5. Analyzed the access and controls of the Town's buildings, safe, and bank accounts.

## WHAT WE FOUND

### Revenues

The Town and the KPWA's primary sources of income are taxes and utility billing revenue. The Oklahoma Tax Commission remits taxes<sup>2</sup> directly into the Town's bank account and utility revenue is collected and deposited by town personnel.

Tina Carey assisted with office duties and utility collections on occasion, including training a new town clerk. During the period of August 1, 2018, through October 31, 2018, Carey

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<sup>1</sup> Carey remained as an authorized signatory through February 2020.

<sup>2</sup> Sales tax, alcoholic beverage tax, etc.

performed town clerk duties. Records corresponding with this time period were reviewed to determine Carey's role in collecting utility payments and handling cash transactions. These records did not reflect Carey's name or initials, and there was no indication she directly issued receipts or collected funds. There was also no documentation denoting that Carey was responsible for the collection and deposit of revenue.

In an attempt to reconcile utility payment receipts to utility account postings and bank deposits. Several discrepancies were discovered that included:

- One receipted and posted check was not deposited.
- Three payments were received and deposited in one month and not posted until the next month.
- One account was posted as paid but payment was not documented as received.
- Three deposited checks were not posted to owners' accounts and only one of those three checks was receipted.
- One check payment was receipted twice.
- Five receipted cash payments were not posted to the corresponding accounts.
- Timing variances occurred between the dates stamped on customer bill stubs, receipts issued, and the payments posted to the utility software. The town posted \$366.54 more than was deposited during the three-month period tested.

Internal controls over the accountability of receipts and deposits were next to nonexistent. In addition to the issues noted above, cash cutoff times were not documented making it virtually impossible to reconcile collections and deposits for a specific time period. Furthermore, credit card payments could not be verified because payments collected by the Town for traffic fines, meter deposits, etc., were deposited into the Water Revenue account, comingling Town and KPWA revenue sources. The comingling of these funds, along with receipts not being issued for all collections, resulted in the inability to reconcile cash receipts to deposits.

The Town's records did not provide the documentation required to verify accountability for the individual transactions processed.

### **Grant Funds**

The Town was awarded a Rural Economic Action Plan (REAP) grant during the audit period. They received two checks totaling \$99,999. Both were traced to the Town's REAP bank account with no discrepancies noted.

### **Bank Transfers**

Carey was authorized to transfer funds between the Town and KPWA bank accounts. Bank statements were reviewed to verify that all transfers between accounts were appropriate. No discrepancies were noted.

**Expenditures**

Bank statements were reviewed to determine if Carey received any improper check payments, if credit card payments were made on her behalf, or if any questionable charges were made using the Town's debit cards. Only one check was issued to Carey during the audit period, a meal reimbursement that was a documented legitimate Town expense.

A review of the Town's expenditures indicated Carey did not appear to have direct access to the Town's debit card. The card was maintained in a safe, within the clerk's office at Town Hall, and was reportedly only used by the clerks. No Carey specific debit card transactions were noted.

**In Summary**

The Town struggled to maintain adequate records to support all transactions and did not have processes in place to assign accountability to individual employees. Even though Carey played a key role in Keota's government as both a trustee and mayor, no evidence was found that she actively participated in the Town's day-to-day business for any extensive period of time or that she was directly linked to questionable financial transactions.

**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 the State Auditor & Inspector's Office. This Office 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, prosecutorial, and/or judicial authorities designated by law.*

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S·A·I  
STATE AUDITOR & INSPECTOR



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