



City of Kingfisher Kingfisher County Special Audit Report July 1, 2000 – June 30, 2003

Summary of findings as they relate to audit objectives:

JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The City Commissioners requested the audit pursuant to **74 O.S. 2001, § 227.8.**

Review of Expenditures

- ✓ Purchase orders were dated subsequent to the invoices in 35 of the 60 purchase orders reviewed. **Pg. 7**
- ✓ Payments and reimbursement for some items purchased appear to be contrary to Article 10, §§ 14 and 17 of the Constitution of Oklahoma. A reimbursement included an invoice which appears to have been altered. **Pgs. 7, 8, 9**
- ✓ In some instances the requisitions were not approved by the city manager. **Pg. 10**
- ✓ Items purchased could not be determined because some statements from Wal-Mart indicated “No Item Found”. **Pg. 10**
- ✓ Questionable reimbursement practices regarding mileage, meals, and personal cellular phone. **Pgs. 11, 12**

Personal Use of Computer

- ✓ It appears the former librarian was operating a personal business during library hours. **Pg. 13**
- ✓ Two software programs, which appear to have been unauthorized, were loaded on the former librarian’s computer. The purpose of one of the programs is to delete records of internet activity. **Pg. 14**

Unauthorized Use of City Credit Cards

- ✓ The spouse of the former librarian used an unauthorized library credit card to purchase personal items at Best Buy totaling \$148.92. A check was subsequently issued to reimburse the City. **Pg. 14**

To view a copy of the entire report, please visit our website at: www.sai.state.ok.us.

If you have questions or would like to contact our office, please call (405) 521-3495.



City of Kingfisher Kingfisher County Special Audit Report July 1, 2000 – June 30, 2003

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Summary (page 2):

Personal Long-Distance Telephone Calls

- ✓ There appears to be numerous long distance charges of a personal nature on the library telephones of 1088.7 minutes. **Pg. 15**

Missing Inventory

- ✓ Ten library fixed assets could not be located and we could not trace these items to City Commissioner approval for disposal. Interviews indicated the former librarian donated computers and a VCR to employees. **Pgs. 15, 16**

Procedures for Donations

- ✓ The former librarian directed a donor of \$10,000.00 to make the check payable to the Friends of Library. **Pg. 17**

Internal Controls Over Receipting/Depositing Money

- ✓ Prior to July 2003 there appeared to be inadequate controls over the collection of monies received at the library. Since implementing controls there has been a significant increase in the monies deposited. **Pgs. 17, 18**

Time Accounting

- ✓ Time reported by the former librarian on her time records appear to have been reviewed or approved. **Pg. 18**

Why the audit was performed

The City Commissioners requested the audit pursuant to **74 O.S. 2001, § 227.8.**

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CITY OF KINGFISHER

KINGFISHER COUNTY

SPECIAL AUDIT REPORT

JULY 1, 2000 THROUGH JUNE 30, 2003



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

January 16, 2004

Honorable Mayor and City Commissioners
City of Kingfisher
301 N. Main
Kingfisher, Oklahoma 73750

Transmitted herewith is the Special Audit Report of the City of Kingfisher, Kingfisher County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 227.8**.

A report of this type is critical in nature; however, we do not intend to imply that our report failed to disclose commendable features in the present accounting and operating procedures of the City.

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 insure a government which is accountable to the people of the State of Oklahoma.

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,

JEFF A. McMAHAN
State Auditor and Inspector

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index of specific objectives

The following objectives are presented in their entirety as they were communicated to us:

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COMMISSIONERS AND OFFICIALS

Richard Reynolds Mayor
Martin Langan Commissioner
Steve Richards Commissioner
Robbye Jones Commissioner
Mark Mueggenborg Commissioner

CITY OFFICIALS

Douglas Enevoldsen City Manager
Judy Trent City Clerk
Bill Tucker Treasurer



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Honorable Mayor and City Commissioners
City of Kingfisher
301 N. Main
Kingfisher, Oklahoma 73750

Pursuant to the Board of Commissioners' request and in accordance with the requirements of **74 O.S. 2001, § 227.8**, we conducted a special audit with respect to the City of Kingfisher, Kingfisher County, Oklahoma, for the period July 1, 2000 through June 30, 2003.

The objectives of our special audit primarily included, but were not limited to, the areas outlined in the "index of specific objectives" noted in the table of contents. Our findings and recommendations 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 City of Kingfisher for the period July 1, 2000 through June 30, 2003. 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 does not extend to any financial statements of the City taken as a whole.

This report is intended to provide information to the Mayor, City Commissioners and Administration of the City. This restriction is not intended to limit the distribution of the report, which is a matter of public record when released.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

November 10, 2003

INTRODUCTION

The City of Kingfisher, is organized by their municipal charter as a board of commissioners form of government in accordance with **11 O.S. 2001, § 13-101, et seq.** The governing body of the City is comprised of five (5) elected members including one (1) member elected to serve as mayor. The members of the Board of Commissioners also serve as the Board of Commissioners for the Kingfisher Public Works Authority. In accordance with the charter, the city manager is responsible for day-to-day management of the City.

The City is audited by a private, independent audit firm. Audit reports were made available for our review.

The State Auditor and Inspector conducted a special audit of the records of the City of Kingfisher, primarily those records relating to the Board of Commissioners' objectives listed in the "index of specific objectives" noted in the table of contents. The results of the special audit are in the following report.

OBJECTIVES, FINDINGS AND RECOMMENDATIONS

REVIEW OF EXPENDITURES, SPECIFICALLY TRAVEL REIMBURSEMENTS AND REIMBURSEMENT CLAIMS

FINDINGS: We reviewed a total of 60 library expenditures reviewed for the period July 1, 2000 through June 30, 2003. Based on the procedures performed, we noted the following findings:

ì There were 35 instances in which the purchase order was dated subsequent to the invoice(s). This indicates proper encumbering procedures were not followed. There were also 4 instances in which the purchase order was dated after the date of the travel claims.

Encumbering procedures are set forth in **62 O.S. 2001, § 310.1:**

"Unless otherwise provided by ordinance, municipal officers, municipal boards, commissions and designated employees, hereinafter referred to as the purchasing officer, having the authority to purchase or contract against all budget appropriation accounts as authorized by law shall submit all purchase orders and contracts prior to the time the commitment is made, to the officer charged with keeping the appropriation and expenditure records or clerk of the municipality...

Provided, in instances where it is impossible to ascertain the exact amount of expenditures to be made at the time of recording the encumbrance, an estimated amount may be used..."

í We noted the following instances in which the former librarian was reimbursed for items which appear to be contrary to **Article 10, §§ 14 and 17** of the **Constitution of Oklahoma**, which provides in relevant part:

Article 10 § 14 of the **Constitution of Oklahoma** states:

"[T]axes shall be levied and collected by general laws, and for public purposes only[.]"

Article 10 § 17 of the **Constitution of Oklahoma** states:

"The Legislature shall not authorize any...city...to obtain or appropriate money for, or levy any tax for, or to loan its credit to any corporation, association, or individual."

PURCHASE ORDER	DATE	AMOUNT	DESCRIPTION
2458	12/04/02	\$242.01	Reimbursed Christmas supplies and Santa suit
1814	10/16/02	34.13	Reimbursed party supplies
803	08/09/02	52.76	Reimbursed party supplies for going away party
3760	04/14/01	173.74	Reimbursed decorations & supplies for volunteer recognition
TOTAL		\$502.64	

A library employee was reimbursed \$91.68 for a pizza party for volunteers.

CITY OF KINGFISHER
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SPECIAL AUDIT REPORT
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î We also noted payments to Wal Mart Payment Processing and United Supermarket, which included expenses which also appear to be contrary to **Article 10, §§ 14 and 17** of the **Constitution of Oklahoma**.

PURCHASE ORDER	DATE	AMOUNT	DESCRIPTION
4680	05/28/03	\$9.82	Purchased candy
1523	10/30/02	9.97	Aleve 150 tablets
296	08/01/02	31.32	Purchased soda pop and juice
5740	05/09/02	33.57	Cake, cookies, drinks, cups and plates
3691	01/28/02	38.37	Snack items
2728	01/10/02	247.22	Christmas decorations \$223.92, candy and cookies \$23.30
2980	01/10/02	106.10	Christmas decoration \$61.61, drinks & chips \$34.71, Tylenol \$9.78
1995	11/15/01	66.92	Sandwiches and pop for focus group
96	07/25/01	47.18	Purchased sodas, juice and crackers
4420	06/28/01	18.41	Soda pop \$11.44 and Alka Seltzer \$6.97
3728	05/03/01	18.76	Easter candy
2380	01/24/01	8.24	Life Savers \$1.28, two liters of sodas \$1.96, cookie jar \$5.00
2418	01/03/01	1.88	Candy
1822	11/17/00	34.85	Candy and gum \$30.38, skin care \$4.47
1504	10/25/00	11.85	Candy and chips \$1.88 and Aleve \$9.97
726	08/24/00	102.00	Gift bags, candy, gum, soda pop, snacks
TOTAL		\$786.46	

ï The following payments appear to be for gifts, which appear to be prohibited by **Article 10 §§ 14 and 17** of the **Constitution of Oklahoma**, both previously cited.

PAYEE	PURCHASE ORDER	DATE	AMOUNT	DESCRIPTION
Designs by Dennis	1948	10/18/01	\$45.00	Plant for a volunteer
Designs by Dennis	4547	06/20/01	29.00	Arrangement for a funeral
Designs by Dennis	3781	05/17/01	437.00	Gifts for volunteers
Designs by Dennis	2684	01/31/01	27.00	Plant for an employee

õ There were three instances in which the former librarian purchased supplies, books and equipment on a reimbursement basis. Since these purchases were inconsistent with the normal procedures for purchasing, these expenses were not properly encumbered as required by **62 O.S. 2001, § 310.1**. Sales tax was paid on these purchases totaling \$63.39. If these items had been paid utilizing proper purchasing procedures sales tax would not have been paid using the City tax-exempt status.

ñ There were four instances in which the former librarian was reimbursed items for the library, which were commingled with personal purchases.

We noted one occurrence in which an invoice appears to have been altered.

According to **21 O.S. 2001, § 463**:

“Any person who knowingly procures or offers any false or forged instrument to be filed, registered, or recorded in any public office within the state, which instrument, if genuine, might be filed or registered or recorded under any law of this state or of the United States shall be guilty of a felony.”

Purchase order no. 5680, dated May 6, 2002 contains an invoice to a ranch store in the amount of \$93.75. Included with the personal purchases were the purchases of a book for \$18.95 and a book for \$39.95, which was reimbursed to the former librarian. The description of the items purchased indicated on the invoice had been altered using white out. The two places where the white out was used, the word “book” was written over the white out. We obtained a copy of the original invoice from the vendor, which indicated reins for \$18.95 and a headstall for \$39.95 were the actual items purchased. Further, the former librarian signed the purchase order indicating the merchandise was satisfactorily received and the purchase order is a true and just debt of the City.

21 O.S. 2001, § 341 provides in relevant part:

“Every public officer...of any city...and every deputy or clerk of any such officer and every other person receiving any money or other thing of value on behalf of or for account of this state or any value on behalf of or for account of this state or any department of the government of this state or any bureau or fund created by law and in which this state or the people thereof, are directly or indirectly interested who either:

First: Appropriates to his own use, or to the use of any person not entitled thereto, without authority of law, any money or anything of value received by him as such officer, clerk, or deputy, or otherwise, on behalf of this state, or any subdivision of this state, or the people thereof, or in which they are interested; or

Third: Knowingly keeps any false account, or makes any false entry or erasure in any account of or relating to any moneys so received by him, on behalf of the state, city, town, district or county, or the people there of or in which they are interested; or

Fourth: Fraudulently alters, falsifies, cancels, destroys or obliterates any such account; or

Fifth: Willfully omits or refuses to pay over to the...city...or their officers or agents authorized by law to receive the same, any money or interest, profit or perquisites arising therefrom, received by him under any duty imposed by law so to pay over the same shall, upon conviction thereof, be deemed guilty of a felony and shall be punished by a fine of not to exceed Five Hundred Dollars (\$500.00), and by imprisonment in the State Penitentiary for a term of not less than one (1) year nor more than twenty (20) years [.]”

In addition **62 O.S. 2001, § 372** provides:

“Every officer of...any city...who shall hereafter order or direct the payment of any money...belonging to...city...in settlement of any claim known to such officers to be fraudulent or void, or in pursuance of any unauthorized, unlawful or fraudulent contract...made or attempted to be made for...any such...city...by any officer thereof, and every person, having notice of facts, with whom such unauthorized, unlawful or fraudulent contract shall have been made, or to whom, or for whose benefit such money, shall be paid...shall be jointly and severally liable to the...city...for triple the amount of all such sums of money so paid...as a penalty to be recovered at the suit of the proper officers of...such city...or of any resident taxpayer thereof, as hereinafter provided.”

ò The invoice attached to purchase order no. 1814, dated October 15, 2002, contained several personal items and the purchase of a book for \$22.95. The former librarian was reimbursed for the amount of the book; however, this purchase was not included on the requisition approved by the City Manager. There were some instances in which there was no requisition attached to the purchase order indicating the purchases were not authorized by the City Manager; one in fiscal year 2002-03, one in fiscal year 2001-02 and nine in fiscal year 2000-01. There were also instances in which the requisitions were not approved by the City Manager; one instance in 2002-03, six in 2001-02 and one in 2000-01.

ó There were instances in which the purchase orders lacked adequate supporting documentation:

- a. On purchase order no. 1871 dated October 21, 2002; the former librarian was reimbursed for lunch totaling \$20.98, which included a meal for an unidentified individual.
- b. There were three instances in which the statements from Wal Mart indicated “No Item Found” under the description of the items purchased. In each of these instances, the cash register tapes were not included with the documentation.

PURCHASE ORDER	DATE	AMOUNT
96	07/02/01	\$16.92
4420	06/04/01	56.02
4420	06/04/01	10.84

- c. The former librarian was reimbursed a breakfast of \$3.35 and a lunch of \$7.06 and there were no receipts attached to purchase order no. 3930, dated April 26, 2001.

As required by **62 O.S. 2001, § 310.1(B)**:

”B. After satisfactory delivery of the merchandise or completion of the contract, the supplier shall deliver an invoice. Such invoice shall state the supplier’s name and address and must be sufficiently itemized to clearly describe each item purchased, its unit price, where applicable, the number or volume of each item purchased, its total price, the total of the purchase and the date of the purchase.”

Ô There appears to be no written travel policies during our audit period. Because of the lack of policies and the apparent lack of oversight the following questionable practices were noted:

a. Purchase order no. 4641 dated May 20, 2003 - The former librarian was reimbursed for three meals totaling \$28.56 while commuting to Norman from Kingfisher.

b. Purchase order no. 5860 dated May 16, 2002 - The former librarian was reimbursed mileage of \$28.56 and a meal of \$3.45 for travel to Oklahoma City to pick up books for the library.

c. Purchase order no. 3930 dated April 26, 2001 - The former librarian was reimbursed breakfast and a lunch totaling \$10.41 on a one-day trip to Chickasaw.

d. Purchase order no. 2458 dated December 2, 2002 - The former librarian was reimbursed mileage to Oklahoma City for two days in a row to pickup supplies. On November 30, 2002 she was reimbursed mileage to Oklahoma City totaling \$33.32 to pick up supplies for Christmas. On December 1, 2002 she was again reimbursed mileage of \$32.20 to Oklahoma City to pick up supplies for a Santa suit.

e. Purchase order no. 3760 dated April 12, 2001 – On April 10, 2001 the former librarian was reimbursed \$22.96 for mileage to Oklahoma City to pick up supplies and decorations for volunteer recognition. On April 12, 2001, two days later, she was again reimbursed mileage to Oklahoma City in the amount of \$29.40 to pick up a plaque.

f. There was no documentation indicating the methodology in determining the amount of miles claimed. It appears map miles were not used nor were odometer readings provided. There were several instances in which there were inconsistencies in the number of miles claimed and occurrences in which the miles claimed were well above the map miles. For example, according to the Oklahoma Department of Transportation (ODOT), round trip mileage from Kingfisher to Lawton is 210 miles, on purchase order no. 1814 dated October 15, 2002; the former librarian was reimbursed for 240 miles. ODOT miles for Kingfisher to Oklahoma City and return are 90 miles, and as much as 132 miles was claimed on purchase order no. 2693 dated January 26, 2001.

g. There were three instances in which the former librarian was reimbursed miles for travel within the city of Kingfisher. There was no documentation indicating how the number of miles was determined. We could not determine if mileage within the city is allowable because of the lack of policies.

PURCHASE ORDER	DATE	MILES CLAIMED	AMOUNT	DESCRIPTION
5860	05/16/02	19	\$5.32	Community Education mileage
3652	01/22/02	423	118.44	Mileage for week ending 4/18
3397	01/08/02	326	91.28	Mileage in the line of work

h. On purchase order no. 3397, dated January 8, 2002, the former librarian was reimbursed \$67.61 for her personal cellular phone bill. There was no documentation attached verifying the phone was used for City business or any indication of the reason she was reimbursed for her cellular phone bill. This appears to be prohibited by **Article 10 § 17** of the **Constitution of Oklahoma**, which provides:

“The Legislature shall not authorize any...city...to obtain or appropriate money for, or levy any tax for...any corporation, association, or individual.”

The following internal control weaknesses were noted while reviewing the library expenditures:

- Purchase order no. 2508 dated December 4, 2002, was not signed by the encumbering officer.
- The purchasing officer did not sign purchase order nos. 186, 1948, and 1665.
- There were seven instances in which the travel claims submitted by the former librarian were not approved by the City Manager.

In addition to the lack of policies governing travel, there is also a lack of purchasing policies providing necessary guidelines. Because of the lack of guidelines and internal controls, it appears there was minimal oversight regarding the transactions of the library. Expenditures and travel expenses did not appear to be scrutinized or ever questioned. There were instances in which travel claims submitted by the librarian and library expenditures did not appear to be reviewed by anyone in a position higher than the librarian.

City ordinances do not appear to address purchasing procedures; therefore, state statutes would govern the purchasing procedures.

62 O.S. 2001, § 310.1 provides in relevant part:

“...All invoices submitted shall be examined by the governing board to determine their legality. The governing board shall approve such invoices for payment in the amount the board determines just and correct.”

The City Commissioners are required to examine the invoices unless an ordinance is adopted which provides for a designee to review invoices

RECOMMENDATION: The City of Kingfisher has adopted a new travel and reimbursement policy effective July 1, 2003; however, we also recommend a purchasing policy also be adopted and enforced to provide the necessary internal controls over purchasing. The policies should include a detail of the purchasing procedures and all expenditures should be approved by the city manager. The City Commissioners should also adopt internal control procedures to ensure expenditures are properly encumbered as required by statute. Purchase orders should not be issued in the absence of an approved requisition and an itemized invoice. City Commissioners should also address reimbursements for personal cellular telephone bills.

The City Commissioners should also ensure that expenditures, which are contrary to the Constitutional provisions cited in this report be discontinued. We also recommend the practice of purchasing supplies on a reimbursement basis be discontinued to ensure the proper encumbering procedures are followed.

The City Commissioners should review the findings and determine if there are any instances in which restitution should be sought.

In addition, the proper authorities should review these findings.

○ There were some instances in which the former librarian was reimbursed for books she had purchased which may be a violation of **21 O.S. 2001, § 341**, previously cited. We noted six books and a video, which could not be traced to library inventory.

PURCHASE ORDER	DATE	BOOK TITLE	AMOUNT
3575	05/19/99	Bible NRSV Harper Study	\$27.00
300	07/21/98	Working Cow Horse	29.95
2874	02/29/00	Low Fat Cooking for Good	14.95
2874	02/29/00	15 Minute Low Fat Meals	10.95
3533	04/24/00	Making Rope (Video)	24.95
3533	04/24/00	How to Hitch Horsehair	25.45
3533	04/24/00	Art of Hitching Horsehair	10.00
2054	11/01/02	Cook right for Your Type	13.95
TOTAL			\$157.20

RECOMMENDATION: We recommend the City Commissions discontinue the practice of purchasing books for the library on a reimbursement basis. The proper authorities should review this matter.

PERSONAL USE OF COMPUTER

FINDING: We reviewed some of the files obtained from the former librarian's computer and noticed numerous pictures of horses; blank contract forms for selling horses, breeding horses, lease agreement for horses, a marketing proposal, information on caring for horses, information pertaining to American Paint Horse Association (APHA), including financial statements such as income statement, balance sheet and budget etc. We also noted information pertaining to the American Quarter Horse Association. Based on these files, it appears she was conducting personal business during business hours. When reviewing the files on her computer, we observed that several files had been modified during business hours. Interviews with employees indicated the former librarian spent a considerable amount of time on the phone concerning horses.

A Kingfisher police officer noted that an entire file drawer in her office contained personal business. Nothing in the file drawer pertained to the library. He noted several documents pertaining to the APHA. The records indicate she is the treasurer for the APHA. We obtained copies of photographs taken in her office.

It appears the former librarian was conducting a considerable amount of personal business on the City's computer. Based on documentation in her drawer and on her computer, it appears that she was using the library office to conduct her business.

We located two software programs, which appear to be unauthorized, that were loaded on the former librarian's computer. One program "Internet Washer Pro" was installed on June 4, 2003 at 5:16 pm and was last accessed on August 6, 2003 at 6:52pm. The purpose of this program is to securely delete records of the Internet activity on a specific computer. This explains why we found no information in the Temporary Internet Files, the Cache or the Internet History areas. The other program was Yahoo Messenger, which was created on August 7, 2002 and was last accessed on August 6, 2003. August 6, 2003 was the final date of employment for the former librarian.

RECOMMENDATION: We recommend the City Commissioners adopt and enforce a policy pertaining to the use of computers and the Internet. The policy should address the use of the computers for personal reasons, loading programs on City computers and Internet usage guidelines. Further, the City Commissioners should implement internal control procedures, which provide more oversight to city employees to ensure personal business is not conducted during business hours.

UNAUTHORIZED USE OF CITY CREDIT CARDS

FINDING: Documentation indicated that the former librarian was separated from employment effective August 6, 2003. It was subsequently discovered by a City employee that a Best Buy credit card belonging to the City was used, on this date, to purchase ink cartridges, photo paper and a shredder totaling \$148.92. Further inquiry indicated the spouse of the former librarian used the card. The City Manager received a letter, dated August 13, 2003, from the spouse indicating that it was a mistake. He stated that left his checkbook in his vehicle and thought he was using the Friends of Library (FOL) card. He indicated that he would subsequently reimburse FOL. Attached to the letter was a copy of a voided check to FOL and a copy of the check issued to the City of Kingfisher.

The practice of reimbursing the City for personal items purchased appears to be prohibited by **Article 10 § 15** of the **Constitution of Oklahoma**, which provides in pertinent part:

"Except as provided by this section, the credit of the State shall not be given, pledged or loaned to any individual, company, corporation, or association, municipality, or political subdivision of the State..."

The City Manager, indicated that he was unaware the library had a credit card and he is the only employee authorized to have a credit card. We found no documentation indicating the card was authorized. We question why the credit card was not turned in when the librarian was separated from her employment. Further, we question why the spouse of the librarian, who is not a City employee, would have this credit card in his possession. In addition, the spouse avoided paying sales tax on a \$148.92 purchase by using the credit card.

RECOMMENDATION: We recommend the City Commissioners implement internal controls to preclude the issuance of any unauthorized credit cards. Internal controls should include oversight of all library functions. The proper authorities should review the personal use of City property.

PERSONAL LONG DISTANCE TELEPHONE CALLS

FINDING: There appears to be no internal controls, which would preclude long distance telephone charges of a personal nature on the library telephones. We selected a sample of the long distance telephone calls from the library to verify the party called. In several instances we were unable to determine the party called. For example, there were numerous long distance charges incurred for lengthy calls to a number in Woodward, Oklahoma and a number in Los Angeles, California where we could not identify the party called.

Of the telephone charges identified by the City, we prepared a schedule of long distance telephone calls of five minutes or longer. The majority of the telephone calls appeared to be to residences and not places of businesses. We noted long distance charges incurred for calls to a relative of the former librarian in Laramie, Wyoming, calls to a relative in Duncan, Oklahoma and a call to a relative in San Monica, California. Some of the other questionable calls were to the American Paint Horse Association in Forth Worth, Texas, Pinto Horse Association of America, which is also in Forth Worth, and there were numerous lengthy telephone calls to Converse County Government in Douglas, Wyoming. City employees indicated the former librarian is from Wyoming.

From the sample selected, we prepared a schedule of questionable long distance calls of five or more minutes. Questionable long distance charges totaled 1088.7 minutes at a cost of \$141.30. It is difficult to determine which employees incurred the questionable long distance charges; however, it appears the former librarian likely incurred several. The results of our review are not intended to indicate that these are all of the questionable telephone charges.

In addition, a review of long distance fax charges indicated that the fax machine was also used for personal reasons.

RECOMMENDATION: We recommend the City Commissioners implement internal controls to preclude personal long distance charges on the library telephones and fax machine. Such controls could include library employees documenting on the telephone invoices the business purpose of each long distance charge.

The City Commissioners should determine if the questionable long distance charges be quantified and if restitution should be sought for any long distance charges of a personal nature.

CONFIRM MISSING INVENTORY

FINDING: Interviews with City personnel indicated fixed asset items of \$1,000.00 or more are required to be listed on inventory; however, there appears to be no written policy for inventory. The following items listed on the library fixed asset list could not be located and we were unable to trace these items to City Commissioner approval for disposal.

CITY OF KINGFISHER
KINGFISHER COUNTY
SPECIAL AUDIT REPORT
JULY 1, 2000 THROUGH JUNE 30, 2003

DESCRIPTION	SERIAL NUMBER	DATE ACQUIRED	ORIGINAL COST
Russ Bassett Roll File Cabinet		06/30/99	\$1,619.00
Webserver computer HP CD 300 Ser.	ECS2001012	01/01/01	1,500.00
IBM Comp-Searching Shamrock	7ACWA002673	09/30/90	1,000.00
IBM Comp Shamrock Monitor Searching	18468	06/30/95	1,000.00
Elite 386 Turbo Max Tech Monitor	20884	06/30/95	1,000.00
Elite 386 Turbo Max Tech Monitor	20879	06/30/95	1,000.00
IBM Copitable Sunshine CPN	0014140	06/30/95	1,000.00
IBM Comp. PC System EDU System	2825269995	06/30/95	1,000.00
HP Pavillion 8590C	6594550685	06/30/99	1,500.00
IBM PC Systems EAV System	707003700845	06/30/00	1,900.00
HP Pavillion 8390 Pentium II	5064-7588	06/30/98	1,116.00

There does not appear to be a written policy for disposing of surplus property. We received a memo from the City Treasurer, which provides:

“Standard procedures for sale of surplus property as done in previous years.

Department Head personnel determine what is excess, obsolete, antiquated, unused or not needed.

This list is presented to the City Manager to be looked over for the determination of usefulness.

City Manager places the list of equipment as agenda item for council approval and date is set for sale. A fair market value is anticipated thru acceptance or rejection.”

Interviews with City personnel indicated that the former librarian has donated computers and a VCR to employees. These donations appeared to have occurred without authorization from the City Commissioners.

RECOMMENDATION: We recommend the City Commissioners develop a written policy for inventory. The policy should include which items are required to be on inventory and procedures for disposing of surplus property. Internal control procedures should be

implemented to ensure inventory is properly accounted for and the disposal of surplus items are authorized by the City Commissioners.

PROCEDURES FOR DONATIONS AND DETERMINE WHERE FUNDS ARE BEING DEPOSITED

FINDING: We obtained a letter, dated July 3, 2003, indicating a \$10,000.00 donation was provided to the Kingfisher Memorial Library. We were unable to trace this check to deposit. Further inquiry revealed the check was deposited with Friends of Library (FOL). An interview with the donor indicated that she contacted the librarian to inform her of the donation. She stated the librarian told her to make the check payable to Friends of Library, because it would be more likely used for its intended purpose. In addition, an interview with a library employee indicated that the former librarian decided, at some point, that all donations go to FOL.

According to **11 O.S. 2001, § 31-107:**

“Any person desiring to make donations of money, personal or real property for the benefit of the municipal library shall have the right to vest the title to such money or property in the municipality, to be held and controlled by the municipality, when accepted, according to the terms of the donation. The municipality shall be held and considered to be a special trustee as to such property or money donated.”

It appears, unless otherwise directed by the donor, the municipality, not the FOL, should control all donations. An internal control weakness existed when the librarian was allowed to direct the disposition of donations.

On November 5, 2003, the City Manager indicated he had not been contacted by the FOL informing him of the \$10,000.00 donation. Since all donations were directed to the FOL, the municipality lost any control over those funds. This practice has created a situation in which the municipality is not aware of all funds available for operating the library. This creates a budgetary challenge for the municipality when estimating the needs of the library, since the amount of funds available is unknown.

RECOMMENDATION: We recommend, unless otherwise directed, that all donations be deposited with the municipality. Further, internal control policies and procedures should be implemented to preclude a city employee from controlling the disposition of donations.

INTERNAL CONTROLS RELATED TO RECEIPTING AND DEPOSITING MONEY

FINDING: During the period of our review, it appears internal controls over the collection of funds received at the library were not adequate. An interview with a library employee indicated that the monies collected at the library are for fines, the use of the copier, fax machine and the sale of floppy disks. Receipts were issued if the amount collected was \$2.00 or more. No collection record was maintained for monies collected under \$2.00. The monies were placed in an envelope at the end of each day and placed on the former librarian's desk. No reconciliations were performed to ensure all monies collected were available for deposit. Therefore, it appears there was no accountability of cash collected. It appears monies for deposit were not taken to

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City Hall for deposit on a regular basis. A comparison of the funds collected at the library is as follows:

FISCAL YEAR	AMOUNT DEPOSITED	AVERAGE COLLECTED PER MONTH
1999-00	\$1,245.88	\$103.82
2000-01	1,172.34	97.69
2001-02	1,467.54	122.95
2002-03	1,429.10	119.09
7/03-10/03	1,276.19	319.05

Currently, a Daily Receipts Record is provided with each day's collections. This day provides a detail of the purpose and the amount collected. An employee and the director sign the form. Further, deposits appear to be made on a regular basis. It appears internal controls over library monies collected are currently adequate. Implementing internal controls over the cash collect has resulted in a significant increase in the monies deposited.

RECOMMENDATION: No recommendation is necessary.

OTHER AREAS OF CONCERN

TIME ACCOUNTING OF THE FORMER LIBRARIAN

FINDING: We reviewed time records of the former librarian for the time period August 26, 2002 through June 27, 2003. Based on our review we noted the following:

ì It appears timesheets submitted by the former librarian were not reviewed or approved since her supervisor did not sign timesheets. For the period October 6, 2002 through October 19, 2002 the former librarian did not submit a timesheet.

í On February 5, 2003, time records indicated the workday began at 11:00am and ended at 2:00pm. This day was preceded by two 10-hour days and succeeded by a 9-hour day. From July 7, 2003 through July 10, 2003 the workday began at 8:00am and ended at 4:00pm. This was succeeded by a 4-hour day on Saturday July 12, 2003. Time reported on all other working days indicated her workday began at least by 8:00am and ended no earlier than 5:00pm. Interviews conducted with library employees indicated that the former librarian did not maintain regular hours. One employee indicated she came to work anywhere from 9:00am to 11:00am and another indicated she did not work on Saturdays or evening hours. Timesheets indicated she worked on two Saturdays and one Sunday.

î Based on the timesheets reviewed, the former librarian accrued 51 hours of comp-time. Section 3-3 of the personnel policies requires prior approval by the department head or City Manager for all work over 8 hours per day. Since the librarian is a department head, it appears any work over an 8-hour day would require approval by the City Manager. In most instances, comp-time was accrued by the former librarian for working days in excess of 8 hours. There was no documentation indicating any approval for time worked over 8 hours.

ï Based on a review of computer files, documents obtained from the office of the former librarian and interviews with library employees, it appears the former librarian utilized a considerable amount of the workday conducting personal business.

On August 13, 2003, the former librarian was compensated \$2616.23 for unused vacation, comp-time and sick leave.

RECOMMENDATION: We recommend internal control procedures be implemented to ensure that employees are compensated based on approved timesheets. The City Commissioners should review this finding.

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There may have been other areas of concern expressed by the Kingfisher City Commissioners which are not addressed. Because they were noted to be either (1) unfounded, or (2) sufficient information was not available to reach a definite conclusion, they are not set out and discussed in this report.

Throughout this report there are numerous references to state statutes and legal authorities which appear to be potentially relevant to issues raised by the patrons and 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 and such determinations are within the exclusive jurisdiction of regulatory law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific Statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the City or any of the individuals named in this report or acting on behalf of the City have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not City policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.