



**STATE OF OKLAHOMA**  
OFFICE OF THE AUDITOR AND INSPECTOR

April 13, 2005

Honorable Richard Smothermon  
District Attorney – District No. 23  
331 N. Broadway  
Shawnee, Oklahoma 74801

Dear District Attorney Smothermon:

On January 24, 2005, we met with the Pottawatomie County Clerk regarding her concerns of the possibility of discrepancies in an employee's payroll. The annual audit was being conducted at this time. After a review of the payroll records, the information was reported to your office. Therefore, in accordance with your request dated February 25, 2005 and the requirements of **74 O.S. 2001, § 212(H)**, we conducted an investigative audit of the Pottawatomie County Clerk's office for the period July 1, 2002 through February 28, 2005. As a result we noted the following:

**Finding:** We reviewed the payroll clerk's payroll reports from July 2002 through February 2005 to determine if all withholdings were correctly deducted from her wages. The County pays up to \$270.00 of the employees' health insurance and the employee is responsible for the remaining balance. We compared amounts per the detailed billing of 'premiums due' from the Oklahoma State Education Employees Group Insurance Board (OSEEGIB), AFLAC, and Member Services to the amount withheld from the payroll clerk's payroll. We noted that the correct amounts were not withheld from her wages. The following schedule reflects the amounts that were not deducted from her wages for the payment of her insurance premiums and in turn the premiums were paid by the County.

Date	Total Paid by County	Employee's Insurance paid by County	Employee's AFLAC Paid by County	Employee's Retirement Paid by County	Employee's Member Service Insurance Paid by County
February-05	145.88	145.88	0.00	0.00	0.00
January-05	359.29	359.29	0.00	0.00	0.00
December-04	85.64	55.40	0.00	30.24	0.00
November-04	173.61	111.31	36.30	0.00	26.00
October-04	225.80	156.86	68.94	0.00	0.00
September-04	120.10	51.16	68.94	0.00	0.00
June-04	101.79	51.00	50.79	0.00	0.00
March-04	(0.60)	(0.60)	0.00	0.00	0.00
February-04	15.79	0.00	15.79	0.00	0.00
January-04	76.16	76.16	0.00	0.00	0.00
October-03	(0.21)	0.00	(0.21)	0.00	0.00
September-03	(65.00)	(65.00)	0.00	0.00	0.00
August-03	65.00	65.00	0.00	0.00	0.00
July-03	200.00	200.00	0.00	0.00	0.00
June-03	172.01	200.00	(27.99)	0.00	0.00
May-03	277.98	250.00	27.98	0.00	0.00
<b>Total</b>	<b>1,877.08</b>	<b>1,580.30</b>	<b>240.54</b>	<b>30.24</b>	<b>26.00</b>

In reviewing the payroll records, we noted that the payroll clerk reduced amounts to be deducted from her salary for her portion of insurance premiums due and in turn the County paid her portion of the insurance premium. She altered the payroll records to obtain \$1,877.08 in additional salary, which appears to be a violation of **21 O.S. Supp. 2002, § 341**.

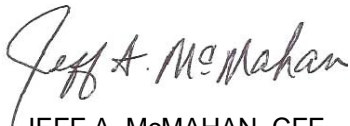
Further, the manipulation of the computer payroll program in order to reduce the amount of deduction withheld from her wages and increasing the County's payment to the insurance companies for her portion of the insurance premiums, appears to be a violation of **21 O.S. 2001, § 1953 A(2)**, which states:

"2. Use a computer, computer system, computer network or any other property as hereinbefore defined for the purpose of devising or executing a scheme or artifice with the intent to defraud, deceive, extort or for the purpose of controlling or obtaining money, property, services or other thing of value by means of a false or fraudulent pretense or representation [.]"

**Finding:** In September 2003, the payroll clerk started performing the duties of law library librarian wherein she was compensated \$200.00 per month for services rendered. The cash voucher claims were entered into the County Clerk's Kellpro bookkeeping computer program, wherein the program maintains the appropriate ledgers and issues the cash voucher. The payroll clerk performed the duty of entering the claims into the program and issuing the cash voucher for payment. We noted that cash voucher no. 4, claim no. 112C, was issued on September 3, 2004 to the Internal Revenue Service (IRS) for the amount of \$30.60 and was voided on November 16, 2004. The computer ledger reflects on November 16, 2004, claim no. 112C, cash voucher no. 9, was re-issued to the IRS for the same amount, although the County Treasurer's cash voucher register shows voucher no. 9 issued to the payroll clerk. We obtained the cash voucher, which was actually issued to and cashed by the payroll clerk and not issued to the IRS as reflected on the County Clerk's computer program. Based on the documentation, it appears the payroll clerk voided cash voucher no. 4 to the IRS and re-issued no.9 to herself then changed the information in the computer to reflect the cash voucher was issued to the IRS, which appears to be a violation of **21 O.S. 2001, § 1953 A(2)** as previously cited. Also, she received the amount paid by the County for the matching funds FICA and Medicare, which appears to be a violation of **21 O.S. Supp. 2002, § 341**. Further, we noted that she was issuing payments to herself prior to services rendered.

If we may be of further assistance in this matter, please contact me.

Sincerely,



JEFF A. McMAHAN, CFE  
State Auditor and Inspector