SPECIAL INVESTIGATIVE REPORT

Town of Roland

July 1, 2011 through February 28, 2013

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

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

SPECIAL INVESTIGATIVE REPORT

JULY 1, 2011 THROUGH FEBRUARY 28, 2013
January 28, 2014

Mayor Monty Lenington  
Town of Roland  
100 Ranger Boulevard  
Roland, Oklahoma 74954

Transmitted herewith is our Investigative Report of the Town of Roland. Pursuant to your request and in accordance with the requirements of 74 O.S. § 227.8, we performed an investigation of the Town of Roland for the period July 1, 2011 through February 28, 2013.

The objectives of our investigation primarily included, but were not limited to, the areas noted in your request. Our findings related to those objectives are presented in the accompanying report.

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 the Town of Roland.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government while maintaining our independence as we provide this service to Oklahoma taxpayers. This document is a matter of public record pursuant to 51 O.S. § 24A.12, the Oklahoma Open Records Act.

Sincerely,

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR
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<td>23</td>
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INTRODUCTION

Roland is a small town in Sequoyah County, Oklahoma with a population of 3,169 according to the 2010 Census. The Town of Roland (the Town) is governed under the statutory town board of trustees form of government, as outlined in 11 O.S. § 12-101 eq. seq. Roland is presided over by a town board of trustees, which consists of five members. The trustees select one of their members to serve as mayor.

The town clerk is also an officer of the town and is charged with maintaining custody of town documents, records and archives, keeping the journal of the proceedings of the board of trustees and other powers, duties and functions as may be prescribed.

The board members and town clerk as of February 28, 2013 were:

J.R. Crowson.................................................................................................................Mayor
Monty Lenington ...........................................................................................................Vice-Mayor
Aaron Pitts .....................................................................................................................Trustee
Paul Moreland................................................................................................................Trustee
B.J. Bramlett ....................................................................................................................Trustee
Cindy Barker...................................................................................................................Town Clerk

The Town provides typical municipal services such as public safety, street and highway maintenance, parks and recreation, and other administrative activities for the community.

Roland’s most recent audit was completed by Sanders, Bledsoe, & Hewett, Certified Public Accountants, LLP, for the fiscal year ending June 30, 2010. The Town was not in compliance with 11 O. S. 17-105, which requires the governing body of each municipality with an income of $25,000 or more, to obtain an annual financial statement audit.

The Office of the State Auditor and Inspector conducted an investigation of the Town of Roland, primarily related to the objectives noted in the preceding Table of Contents. The results of our investigation are contained in the following report.
BACKGROUND

In the months leading up to January 2013, allegations were brought to the attention of town officials that Deputy Town Clerk Joetta Tyler-Hyde may have received improper payments while employed in her official capacity with the Town of Roland. Town officials scheduled a meeting for January 11, 2013, with Tyler-Hyde to discuss these allegations. Hyde did not attend this meeting and subsequently submitted her resignation, effective January 14, 2013.

On January 17, 2013, a representative from the State Auditor & Inspector’s Office met with officials from the Town of Roland to discuss concerns that payments may have been improperly issued to former Deputy Town Clerk Joetta Tyler-Hyde and her husband Mike Hyde.

During this discussion, questions were raised involving the issuance of town checks using signature stamps, the lack of control of these stamps, possible excessive reimbursements of the Town’s petty cash account, and garnishments against Tyler-Hyde’s payroll check.

In the process of issuing W-2’s for tax year 2012, town personnel noted that Town Administrator Greg Wilson’s W-2 reported an amount in excess of his approved pay. Town officials contacted the State Auditor’s Office with this information and terminated the employment of Greg Wilson in a Special Meeting of the Board on February 1, 2013. In this meeting the Board also voted to request an audit from the State Auditor’s and Inspector’s Office.

An official board request was received July 2, 2013, requesting an investigation and setting forth a review of the following objectives:

- Payroll
- Petty Cash Fund
- Limited Court Collections
- Expenditures

Each of these objectives is addressed separately in the following report. During the course of our investigation we also encountered additional concerns that are included at the end of our report entitled “Other Issues.”
Objective I  Payroll

Our investigation of alleged improper payments made to town employees began with a review of Roland’s policies and procedures related to payroll; including employee contracts, benefits, bonuses, raises, vacation pay, sick leave, and payroll check distribution.

We sought to determine employee compensation by reading meeting minutes for board approved hiring, examining personnel files for employee contracts, and reviewing payroll and expenditure registers for payroll transactions. With few exceptions, the exact authorized payroll compensation for employees was not documented in town records.

**Leave**

According to the Town’s personnel policy, employees accrue vacation by the hour each pay period. An employee must be employed for one full year before being eligible to use accrued vacation time. Vacation accrual is as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Hours Per Pay Period</th>
<th>Vacation Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1</td>
<td>1.538 hrs.</td>
<td>4 days</td>
</tr>
<tr>
<td>2-10</td>
<td>3.076 hrs.</td>
<td>10 days</td>
</tr>
<tr>
<td>11-20</td>
<td>6.153 hrs.</td>
<td>20 days</td>
</tr>
</tbody>
</table>

The policy also states, “All vacation pay must be taken in the year in which they are due. For example, an employee begins working on June 1, 1982. As of June 1, 1983, he is eligible for five (5) working days vacation. This must be taken from June 1, 1983 thru May 30, 1984.”

Sick leave accumulates at the rate of 6 2/3 hours per month or 10 days per year. Sick pay may be accrued up to 30 days. Once 30 days of sick leave has accrued, employees are paid for unused sick leave. Also, after the first year of employment, the Town allows employees to sell back any unused vacation time.

The Town of Roland did not maintain any records of leave taken by employees, accumulated leave balances, or leave sold. As a result, we were unable to ascertain whether employees used leave or if leave sold back to the town was paid correctly.

**Raises and Bonuses**

The town board approved cost of living raises of 6% in Fiscal Year (FY) 2010 and 2011, as well as raises of 3.5% in FY 2012 and 2013. A clothing allowance of $100 was approved for all full-time employees in FY 2011, with $150 allowances approved for FY 2012 and 2013.

Board minutes document the approval of a Christmas stipend of $300 for full-time employees and $150 for part-time employees, for FY’s 2010, 2011, and 2012. Board minutes documenting approval of a FY 2013 Christmas stipend could not be located; but
employees received what appears to be a Christmas stipend of $300 and $150 on December 13, 2012.

Payroll Dates

According to the current Deputy Town Clerk, employee payroll checks were processed and distributed every other Thursday, for a total of 26 pay periods in a calendar year. There were designated payroll dates when an employee would not receive a payroll payment, but would receive a check a day before or after. If an employee received a check that was in close proximity to a pay date and for a scheduled pay amount, we considered this as payroll for the pay period. These payments were classified as “Scheduled Payroll Payments.”

We obtained the bank records for the General, Utility Authority and Street funds and scheduled all payments made to Joetta Tyler-Hyde from these accounts for our audit period of July 1, 2011 through February 28, 2013. Upon recognizing that questionable payments existed, we extended our audit period for Tyler-Hyde to include July 1, 2009 through June 30, 2011.

Our preliminary objective was to establish the actual pay of Joetta Tyler-Hyde. According to payroll records, Tyler-Hyde was hired by the Town of Roland August 2, 1999. We were unable to find board approval for the hiring of Tyler-Hyde, any indication of her hiring salary, or any official salary documented in town records. We found no substantiation of her recent salary other than issued payroll checks.

We used the Town’s 26 designated pay periods as the basis for determining a standard gross payroll amount for each year under review. Tyler-Hyde’s payroll payments were to be paid from the General Fund and Utility Authority Fund, at an approximate ratio of 66.67% and 33.33% respectively. Tyler-Hyde was not approved to receive payments from the Town’s designated Street Fund. We calculated gross pay for Joetta Tyler-Hyde for the years under review as follows:

- **FY 2010** Tyler-Hyde received a gross salary of $1,834.63 every two weeks, which consisted of $1,223.09 from the General Fund and $611.54 from the Utility Authority Fund for a total in FY 2010 of $47,700.38.

- **FY 2011** Tyler-Hyde received a gross salary of $1,944.71 every two weeks, which consisted of $1,296.48 from the General Fund and $648.23 from the Utility Authority Fund for a total in FY 2011 of $50,562.46.

- **FY 2012** Tyler-Hyde was paid a gross salary of $2,014.40 every two weeks, which consisted of $1342.40 from the General Fund and $672.00 from the Utility Authority Fund, for a total in FY 2012 of $52,374.40.

- **FY 2013** Tyler-Hyde’s pay remained $2,014.40 every two weeks in FY 2013. The Board approved a 3.5% cost of living raise for FY 2013 that was to be paid in two
installments, one in December and one in June. Tyler-Hyde did not receive this raise before her resignation, effective January 14, 2013.

During our audit fieldwork we noted paperwork from January 2008 documenting Tyler-Hyde’s salary as $45,000 per year. Using the $45,000 salary as a benchmark and adding a cost of living increase every year from 2010 to 2013, Tyler-Hyde’s salary would have been approximately $52,000 for FY 2012, the last full year she was employed. It was determined that no raises were received from January 2008 - July 2009. This estimate corresponded with the calculation noted above for FY 2012.

Although we attempted to trace actual payroll check amounts and dates to the payroll register to further substantiate Tyler-Hyde’s official salary, we determined that payments on the payroll register did not confirm that the payments were an approved payroll transaction or a “Scheduled Payroll Payment.” For example, the calculations above show that Tyler-Hyde’s FY 2011 and FY 2012 salary should have been $50,562.42 and $52,374.40, respectively. According to the payroll register, Tyler-Hyde received a salary of $90,009.05 in FY 2011 and $78,223.92 in FY 2012. We also noted that Joetta Tyler-Hyde maintained the payroll registers and prepared the W-2’s for the Town of Roland.

Based on these evaluations and assessments, we construed that Joetta Tyler-Hyde’s salary should have been the total amount of the checks issued on the town’s 26 designated payroll dates from the General Fund and the Utility Authority Fund. Any payments made to Tyler-Hyde beyond these “Scheduled Payroll Payments” were questioned and subjected to further evaluation.

<table>
<thead>
<tr>
<th>Dates</th>
<th>Scheduled Payroll Payments (net)</th>
<th>Payments Supported by Purchase Order</th>
<th>Grant Commissions (see Page 28)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2009-June 30, 2010</td>
<td>$40,085.65</td>
<td>$300.00</td>
<td>$7,679.44</td>
</tr>
<tr>
<td>July 1, 2010-June 30, 2011</td>
<td>$43,314.90</td>
<td>$1,373.60</td>
<td>$5,526.03</td>
</tr>
<tr>
<td>July 1, 2011-June 30, 2012</td>
<td>$46,099.90</td>
<td>$1,455.63</td>
<td>$6,600.00</td>
</tr>
<tr>
<td>July 1, 2012-January 14 , 2013</td>
<td>$22,144.01</td>
<td>$1,261.05</td>
<td>$0.00</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$151,644.46</td>
<td>$4,390.28</td>
<td>$19,805.47</td>
</tr>
</tbody>
</table>

In addition to payroll checks, Tyler-Hyde received payments for grant commissions and other miscellaneous reimbursements paid through purchase orders. Although we did not take exception to payments made to Tyler-Hyde on purchase orders, we noted that approximately $2,000 was paid as “purchase order reimbursements” without appropriate supporting documentation. Grant commissions are addressed under “Other Issues” later in this report.

**Finding**

Joetta Tyler-Hyde received $129,441.52 in unsubstantiated payments from the Town of Roland for the period of July 1, 2009 – January 14, 2013.

**FY 2010**

In FY 2010 Tyler-Hyde received 24 unsubstantiated checks from the Town of Roland totaling $30,864.58.
• **December 15, 2009** – Tyler-Hyde was paid two Christmas stipends on the same day for the same amount, Utility Authority check 519 for $300 and General Fund check 967 for $300, resulting in one additional payment to Tyler-Hyde of $300.

• **February 23, 2010 – May 18, 2010** - Four checks totaling $3,847.94 were written to Tyler-Hyde from the Street Fund. The Town of Roland Street Fund is a designated sales tax fund; Tyler-Hyde is not authorized to receive payments from this fund.

• **April 5, 2010** – Two checks numbered 1524 were written on April 5, 2010, for $952.98. One check 1524 cleared the bank on April 9, 2010, and one check 1524 cleared the bank on May 18, 2010. Neither check was paid as part of a “Scheduled Payroll Payment,” resulting in two improper payments to Tyler-Hyde totaling $1,905.96.

• **April 15, 2010** – Check 891, payable to Joetta Tyler-Hyde, was voided in the Utility Authority expenditure register, but cleared the bank on April 21, 2010, resulting in an unsubstantiated payment of $545.40.

• **June 9, 2010** – Utility Authority check 1060, dated June 9, 2010, for $10,496 and payable to Joetta Tyler-Hyde, was voided in the expenditure register, but cleared the bank on June 14, 2010. When check 1060 was cashed, Tyler-Hyde received $4.00 in cash and Official Bank check No.1507768 in the amount of $10,492.00. While evaluating Tyler-Hyde’s personal bank records, we noted First National Bank of Sallisaw Official Bank check No. 1507768, dated June 11, 2010, in the amount of $10,492. When this check was presented for deposit on June 14, 2010, $2,492 was withheld in cash, and $8,000 was deposited into Tyler-Hyde’s personal bank account. Roland Utility Authority was the purchaser of the check and Joetta Tyler-Hyde was the payee. Firstar Bank confirmed the source for this “Official Bank Check” as Roland Utility Authority check 1060 payable to Joetta Tyler-Hyde in the amount of $10,496.
FY 2011

In FY 2011 Tyler-Hyde received 28 unsubstantiated checks from the Town of Roland totaling $35,852.91.

In addition to four scheduled payroll checks issued on May 5 and May 19 totaling $3,333.62, Tyler-Hyde received four additional payments totaling $5,466.74, for a grand total of eight checks amounting to $8,800.36, issued in May 2011:

<table>
<thead>
<tr>
<th>Account</th>
<th>Check Number</th>
<th>Date</th>
<th>Scheduled Payroll Payments (Net)</th>
<th>Unsubstantiated Payments (Net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1619</td>
<td>05/02/11</td>
<td></td>
<td>$1,074.66</td>
</tr>
<tr>
<td>Utility</td>
<td>990</td>
<td>05/02/11</td>
<td></td>
<td>$592.15</td>
</tr>
<tr>
<td>Utility</td>
<td>1006</td>
<td>05/05/11</td>
<td></td>
<td>$592.15</td>
</tr>
<tr>
<td>General</td>
<td>1635</td>
<td>05/05/11</td>
<td>$1,074.66</td>
<td></td>
</tr>
<tr>
<td>Street</td>
<td>381</td>
<td>05/17/11</td>
<td></td>
<td>$2,812.50</td>
</tr>
<tr>
<td>Utility</td>
<td>1074</td>
<td>05/19/11</td>
<td>$592.15</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>1722</td>
<td>05/19/11</td>
<td>$1,074.66</td>
<td>$987.43</td>
</tr>
<tr>
<td>General</td>
<td>1742</td>
<td>05/19/11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td>$3,333.62</td>
<td>$5,466.74</td>
</tr>
</tbody>
</table>

Total for May 2011 $8,800.36

Tyler-Hyde also received two checks from the General Fund in FY 2011 that were not represented as payroll payments and were not supported with other documentation:

<table>
<thead>
<tr>
<th>Account</th>
<th>Check Number</th>
<th>Date</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>456</td>
<td>09/27/10</td>
<td>$100.00</td>
</tr>
<tr>
<td>General</td>
<td>974</td>
<td>12/17/10</td>
<td>$3,180.00</td>
</tr>
</tbody>
</table>

FY 2012

In FY 2012 Tyler-Hyde received 29 unsubstantiated checks from the Town of Roland totaling $38,686.45.

In the month of January 2012, in addition to four scheduled payroll checks issued on January 12 and January 27 totaling $3,496.06, Tyler-Hyde received five “payroll” payments for $5,944.45, resulting in nine payments in January 2012 totaling $9,440.51:
Tyler-Hyde also received seven unsubstantiated payments totaling $12,262.56 from the Street Fund in FY 2012. Tyler-Hyde was not approved to receive any payments from the Street Fund.

Also noted in FY 2012, on July 28, 2011, Dara Tyler, Joetta Tyler-Hyde’s daughter, received check 141 on July 28, 2011, for $460.66, an actual payroll date. On July 29, 2011, check 146, for $460.66 was also issued to Dara Tyler. We could find no documentation for the July 29 payment.

FY 2013

From July 1, 2012 to January 14, 2013, Tyler-Hyde received 21 unsubstantiated checks from the Town of Roland totaling $24,037.58.

In July 2012, Tyler-Hyde’s scheduled payroll checks were received on July 12 and July 26, totaling $3,390.26. In addition, she received checks 3, 28 and 87 that were presented on the payroll register, but were not scheduled payroll. Adding her “Scheduled Payroll Payments” and General Fund check 2044 that was voided in the expenditure register, but still cleared the bank, Tyler-Hyde received eight checks totaling $8,666.77 in July 2012:
In addition to General Fund check 2044 noted above, Utility Authority check 440, issued November 15, 2012, for $1,805.16, was voided in the Utility Authority check register, but cleared the bank.

Tyler-Hyde also received the following four payments from the Street Fund during FY 2013. Tyler-Hyde was not authorized to receive payments from the Street Fund:

<table>
<thead>
<tr>
<th>Account</th>
<th>Check</th>
<th>Date</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street</td>
<td>159</td>
<td>10/29/12</td>
<td>$1,862.68</td>
</tr>
<tr>
<td>Street</td>
<td>757</td>
<td>11/26/12</td>
<td>$1,584.44</td>
</tr>
<tr>
<td>Street</td>
<td>217</td>
<td>12/12/12</td>
<td>$1,862.68</td>
</tr>
<tr>
<td>Street</td>
<td>236</td>
<td>12/19/12</td>
<td>$740.93</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$6,050.73</td>
</tr>
</tbody>
</table>

Pursuant to town leave policy, Tyler-Hyde was eligible to use or sell back two weeks of vacation and two weeks of sick leave in FY 2010 and FY 2011; and use or sell back three weeks of vacation and two weeks of sick leave in FY 2012 and FY 2013. Using the highest pay period for each fiscal year, the value assigned to these 18 weeks of leave was estimated at $15,520.88. If Tyler-Hyde did not use vacation or sick leave during the entire period under review, July 1, 2009 – January 14, 2013, the total value of misappropriated payments made to Tyler-Hyde could be reduced by this estimate. [Using the maximum leave sell back available, total unsubstantiated payments could be reduced to $113,920.64 ($129,441.52 - $15,520.88.).]

We contacted Joetta Tyler-Hyde in an attempt to meet and discuss the results of this investigation. We were unsuccessful in our attempt. If no further documentation or explanation is provided, the total amount of payroll funds possibly misappropriated by Joetta Tyler-Hyde stands at $129,441.52.

Greg Wilson was hired with board approval on June 29, 2009 at a salary of $55,000. He immediately received a 6% cost of living increase (COL), bringing his salary to $58,300 for the FY ending June 30, 2010. In FY 2011, Wilson received a 6% COL, increasing his salary to $61,978. He received a 3.5% COL in both FY 2012 and FY 2013, raising his salary to $63,960.93 and $66,199.56, respectively.

For the period of July 1, 2009 through February 28, 2013, we examined the bank records for the Town’s General, Utility Authority, and Street funds and scheduled all payments made to Greg Wilson from these accounts. The table below shows payments made to Wilson that were not questioned as part of our investigation. This includes “Scheduled Payroll Payments” made on scheduled payroll dates and purchase order payments.

Although we did not take exception to purchase order reimbursements, we noted that some “reimbursements” were made without appropriate supporting documentation.
<table>
<thead>
<tr>
<th>Dates</th>
<th>Scheduled Payroll Payments (net)</th>
<th>Payments Supported by Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2009-June 30, 2010</td>
<td>$47,400.74</td>
<td>$675.00</td>
</tr>
<tr>
<td>July 1, 2010-June 30, 2011</td>
<td>$50,370.92</td>
<td>$1,588.30</td>
</tr>
<tr>
<td>July 1, 2011-June 30, 2012</td>
<td>$52,940.65</td>
<td>$3,959.67</td>
</tr>
<tr>
<td>July 1, 2012-February 1, 2013</td>
<td>$29,990.77</td>
<td>$544.05</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$180,703.08</td>
<td>$6,767.02</td>
</tr>
</tbody>
</table>

All payments made to Wilson beyond the “Scheduled Payroll Payments” noted above were questioned and subjected to further evaluation. When interviewed, Wilson told town officials that any pay beyond scheduled payroll was for accumulated sick and annual leave, an employee benefit approved at the time of his initial employment.

**Finding**

Greg Wilson misrepresented his leave benefit package, presenting a false letter of approval to the Board.

Included in documents presented to us from the Roland Police Department was a copy of the following letter defining Greg Wilson’s alleged leave benefit package:

"Upon his hire as Town Administrator, Greg Wilson, will receive 3 weeks vacation for the first year and 4 weeks per year there after. He will also get 10 days sick leave per year and 3 personal days, all per year worked as Administrator. Said vacation and sick time can be carried over from year to year and used or sold back at his discretion."

Greg Wilson  
J. R. Crowson

On September 23, 2013, we met with Greg Wilson at his home. When presented with a copy of the above letter, Wilson confirmed that it was a copy of the letter he had received to support his leave benefit package. Wilson stated that after he and the Board discussed how much leave he would receive, he made mention that he would like to have something in writing “just to cover himself.”

According to Wilson, within a week to 10 days of being hired, the letter was placed on his desk with J.R. Crowson’s signature on it. Wilson said he did not question the letter and placed it in his file. He did not know who prepared the letter or the whereabouts of the original. Wilson also stated that he did not see J.R. Crowson “sign” or “stamp” the letter.

During our review, we determined that J.R. Crowson could not have “signed” nor “stamped” this letter within a week or ten days of Wilson’s June 29, 2009 hiring, because Crowson’s signature stamp was not purchased until July 28, 2009.
We spoke with J.R. Crowson concerning this letter. According to Crowson, he did not place his stamped signature on the letter. Crowson said the Board met and called Wilson into an executive session on February 1, 2013. Wilson was confronted with the letter and insisted that Crowson had “signed” the letter. Crowson told Wilson that he had not “signed” the letter and that he had not used his signature stamp on the letter.

We also discussed the letter with board members B.J. Bramlett, Monty Lenington and Aaron Pitts, all concurred that Greg Wilson was not granted a special leave package when hired by the Board. As such, Greg Wilson was subject to the Town’s regular leave policy.

Under the Town’s regular leave policy, Greg Wilson would have been eligible to use or sell back one week of vacation leave in FY 2011, and use or sell back two weeks of vacation in FY 2012 and FY 2013. Wilson was not employed long enough to sell back sick leave during his employment.

**Finding**

Greg Wilson received $51,633.27 in unsubstantiated payroll payments from the Town of Roland for the period of July 1, 2009 – February 1, 2013.

**FY 2010**

Utility Authority check 819, written April 1, 2010, for $2,032.71, was supported by a “Payroll Authorization” form with a handwritten note at the top which stated “10 sick days.” According to leave policy, Wilson was not eligible to sell back any vacation or sick leave in FY 2010, because he had been employed less than one year. As such, Wilson received one unsubstantiated payment in FY 2010 of $2,032.71.

**FY 2011**

In FY 2011, Wilson received four checks totaling $8,276.09 that were questioned payments. These payments were represented as payroll payments, but were in addition to all “Scheduled Payroll Payments” and not supported by any additional documentation.

**FY 2012**

In FY 2012, Wilson received 15 checks totaling $25,545.71 that were questioned payments. These payments were listed on the payroll register, but did not appear to be payroll. All 15 checks were in addition to any “Scheduled Payroll Payments” for the year and not supported by any additional documentation.

**FY 2013**

From July 1, 2012 to February 1, 2013, Greg Wilson received eight checks totaling $15,778.76 that were questioned payments. These payments were listed on the payroll register but did not appear to be payroll. All eight checks were in addition to “Scheduled Payroll Payments” and were not substantiated by any additional documentation.
The total unsubstantiated payments to Greg Wilson for the period of July 1, 2010 – February 1, 2013 were $51,633.27. Greg Wilson was terminated by a vote of the Board effective February 1, 2013.

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Number of Questionable Checks</th>
<th>Total Unsubstantiated Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2009-June 30, 2010</td>
<td>1</td>
<td>$2,032.71</td>
</tr>
<tr>
<td>July 1, 2010-June 30, 2011</td>
<td>4</td>
<td>$8,276.09</td>
</tr>
<tr>
<td>July 1, 2011-June 30, 2012</td>
<td>15</td>
<td>$25,545.71</td>
</tr>
<tr>
<td>July 1, 2012-February 1, 2013</td>
<td>8</td>
<td>$15,778.76</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>28</td>
<td><strong>$51,633.27</strong></td>
</tr>
</tbody>
</table>

**Leave Sellback**

Under town policy, Greg Wilson had five weeks of vacation leave to sell back for the entire period under review. Using the highest applicable pay period, the value assigned to these five weeks of leave was estimated at $5,647.31. Because of the lack of leave records, we were unable to determine whether Wilson used his leave or sold it back to the Town. However, if Wilson did not use leave during the period July 1, 2009 – February 1, 2013, the total value of unsubstantiated payments made to Greg Wilson could be reduced by this amount. [Using the maximum leave sell back available; total unsubstantiated payments could be reduced to $45,985.96 ($51,633.27 - $5,647.31)]

**Mike Hyde**

According to town officials, Mike Hyde, spouse of former Roland Deputy Town Clerk Joetta Tyler-Hyde, was hired as a temporary part-time employee. We could find no time records for Hyde, and were unable to verify that payments made Hyde were for actual hours worked.

During our review, payments made on a scheduled payday were accepted as payments for hours worked and, as such, were classified as “Scheduled Payroll Payments.” Any payments made to Hyde beyond these “Scheduled Payroll Payments” were questioned and subjected to further evaluation.

We examined the bank records for the General, Utility Authority, and Street funds and scheduled all payments made to Mike Hyde from these accounts for the period of July 1, 2009 through February 28, 2013.

**Finding** For the period July 1, 2010 – February 28, 2013, Mike Hyde received unsubstantiated payments from the Town of Roland of $10,790.51.

**FY 2011**

From May 5, 2011 to June 16, 2011, Mike Hyde received a “payroll payment” every week for seven weeks. These seven checks shown below include four bi-weekly “Scheduled Payroll Payments” and three “Unsubstantiated Payments” for a total of...
$5,040.00. At $9.00 per hour, Hyde would have had to work 80 hours per week to be paid $720 gross every week for seven weeks. Based on these transactions, Hyde received four “Scheduled Payroll Payments” totaling $4,442.90, and three unsubstantiated payments in FY 2011, totaling $1,904.10:

<table>
<thead>
<tr>
<th>Check Number</th>
<th>Date</th>
<th>Gross Payments</th>
<th>Scheduled Payroll Payments (Net)</th>
<th>Unsubstantiated Payments (Net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>357</td>
<td>5/5/11</td>
<td>$720.00</td>
<td>$634.70</td>
<td></td>
</tr>
<tr>
<td>380</td>
<td>5/12/11</td>
<td>$720.00</td>
<td>$634.70</td>
<td>$634.70</td>
</tr>
<tr>
<td>385</td>
<td>5/19/11</td>
<td>$720.00</td>
<td>$634.70</td>
<td></td>
</tr>
<tr>
<td>394</td>
<td>5/27/11</td>
<td>$720.00</td>
<td>$634.70</td>
<td></td>
</tr>
<tr>
<td>397</td>
<td>6/2/11</td>
<td>$720.00</td>
<td>$634.70</td>
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</tr>
<tr>
<td>403</td>
<td>6/10/11</td>
<td>$720.00</td>
<td>$634.70</td>
<td>$634.70</td>
</tr>
<tr>
<td>429</td>
<td>6/16/11</td>
<td>$720.00</td>
<td>$634.70</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>$5,040.00</td>
<td>$4,442.90</td>
<td>$1904.10</td>
</tr>
</tbody>
</table>

**FY 2012**

In FY 2012, Mike Hyde received 14 checks totaling $8,886.41 that we were unable to verify as “Scheduled Payroll Payments.”

General Fund check 1585 was dated April 18, 2012, in the amount of $742.73. This check was not listed on the payroll register and was voided in the General Fund expenditure register, but cleared the bank on April 20, 2012. The check was endorsed by both Mike Hyde and Joetta Hyde:

As a part-time employee, Hyde did not accrue any vacation or sick leave and, as such, was not eligible to participate in the Town’s leave sell back plan.

**Billy Cannon**

Billy Cannon was not included as part of the original allegations in our investigation. However, during our review of payments to other employees, we noted Cannon received nine checks in less than one month. In addition, one of those checks was payable to Billy Cannon and endorsed by Joetta Tyler-Hyde. As such, we expanded our work to include payments made to Billy Cannon for July 1, 2011 through February 28, 2013.
Finding

Billy Cannon received total unsubstantiated pay of $11,096.66 in FY 2012 and 2013.

Billy Cannon received three questionable checks in FY 2012, totaling $4,900.15 and five questionable checks during a three week period of FY 2013, July 19, 2012 – August 10, 2012, totaling $6,196.51. These payments were represented as payroll payments, but were in addition to all “Scheduled Payroll Payments” and were not supported by any additional documentation.

Under town policy, Cannon was eligible to use or sell back two weeks of vacation and two weeks of sick leave in FY 2012, and use or sell back three weeks of vacation and two weeks of sick leave in FY 2013. Due to an absence of leave records, we were unable to determine whether Cannon used his accrued leave or sold it back.

Using the highest pay period for each fiscal year, the value assigned to these nine weeks of accrued leave was estimated at $5,618.98. If Cannon had not used vacation or sick leave during the entire period under review, July 1, 2011 – February 28, 2013, the total value of improper payments made to Cannon could be reduced by this amount. [Using the maximum leave sell back available, total unsubstantiated payments could be reduced to $5,477.68 ($11,096.66 - $5,618.98)]. During discussions, Cannon represented that all eight of the checks in question were for leave sellback.

In addition to the eight questionable payments noted above, one additional payment, Check 95, dated July 26, 2012 for $932.38, was made payable to Billy Cannon, but endorsed by Billy Cannon and Joetta Hyde.

We visited with Cannon on two separate occasions regarding check 95.

- On July 23, 2013, Cannon said the check was for some type of leave buyback. He stated that he told Joetta that the check seemed low and she said to bring it back and she would take the check and issue one in the right amount. According to Cannon, he took the check to Joetta and she told him to endorse the check so that she could redeposit the funds into the account. He endorsed the back and gave the check to Joetta. He did not have knowledge of her endorsing the check.

- On August 5, 2013, we spoke again with Cannon to obtain clarification on this matter. On this date, Cannon stated that Joetta called him and said she had “cheated” him on check 95 and gave him check 88 to replace check 95. He said Hyde then asked him to deposit check 95 in the bank. He said he did not have time to deposit the check, so Hyde told him to endorse it and she would take care of it. He endorsed the check and she put it under her desk calendar.
In January 2013, we were contacted by officials from the Town of Roland to investigate possible financial irregularities involving petty cash. Upon completing a preliminary assessment of the Town’s concerns, we determined that transactions in the petty cash bank account warranted further review.

Typically, petty cash is a small fund of cash kept on hand for incidental purchases or to make change for customers. Normally a custodian for petty cash is appointed to disburse the funds and collect receipts for expenditures made. When the balance in the petty cash fund becomes low, the receipts are submitted for reimbursement and the cash sum is restored to its pre-established total.

In the Town of Roland, petty cash was maintained as a checking account, replenished by transferring monies from the Town’s General, Utility Authority, and Street funds. We found no record of a budgeted amount for the petty cash account; deposits were made into the bank account as necessary when funds became low, or when funds were overdrawn.

According to town staff, Tyler-Hyde maintained control of the petty cash account and no policies and procedures specific to petty cash existed. Expenditures from the petty cash fund were made using a bank debit card or by issuing hand written checks. Petty cash checks required dual signatures, but in most instances were “signed” using signature stamps. The Town used signature stamps that were accessible to several employees. Control over and use of these stamps is addressed later in this report.

Because of the direct control of the petty cash account by Joetta Tyler-Hyde and the lack of spending oversight, we chose to review all transactions made from the petty cash bank account for our audit period July 1, 2011 – February 28, 2013.

Finding  

Expenditures made from the petty cash checking account were rarely supported by adequate documentation.

For the period July 1, 2011 through February 28, 2013, the Town paid out $28,190.32 through the petty cash checking account. The Town could not provide receipts or invoices for $18,405.54 of these purchases.

These unsupported purchases included vendors such as Hobby Lobby, Cattleman’s Restaurant, Embassy Suites, Wal Mart, Sam’s Club, Mustangs Unlimited, and Dollar General, as well as undocumented reimbursements to several town employees.

We detected 11 purchases from Sam’s Club for which the Town did not provide supporting documentation. We obtained copies of the receipts directly from Sam’s Club for seven of these purchases. In evaluating the receipts, we were unable to determine if some of the purchases were for personal or business purposes.
For example, the receipt noted here, dated January 23, 2013, lists several items that might be used in day-to-day operations such as whiteout, legal pads, and pine-sol. However, the receipt also includes oranges, grapes, spam, and chips that do not appear to be for typical use in the day-to-day operations of the Town.

We found the purchase of a Keurig coffee maker reimbursed through petty cash on an October 12, 2011 Sam’s Club receipt. On December 5, 2011, the Town purchased eight additional Keurig coffee makers from JC Penney. According to the purchasing agent, six of the machines were purchased as Christmas gifts for the five council members and the town clerk; one was purchased for the administration building. We were unable to account for the remaining two machines purchased.

These are just a few examples of the questionable and undocumented expenditures made from the petty cash account. We recommended to town officials that the petty cash checking account be closed. If officials determine that a petty cash fund is essential for day-to-day operations, a pre-determined amount of cash should be established as “petty cash” and appropriate policies and procedures should be instituted to define the use, oversight, and reimbursement of the Fund.

**Finding**

The Town of Roland’s Sam’s Club card is used by town officials for personal purchases.

The Town of Roland has a Sam’s Club membership titled “Town of Roland and Fire Department.” The account has three cards with Fire Chief James Edwards, Mayor Monty Lenington and former Deputy Town Clerk Joetta Tyler-Hyde maintaining possession of the cards.

We obtained a Town of Roland customer history from Sam’s Club and found 43 purchases were made using the Town’s membership card. Of these, nine of the purchases were made for town purposes. Although the items bought for personal use were not paid for with town funds, using the Town’s Sam’s Club membership for personal activity is not a recommended best practice. We suggest the Town’s Sam’s Club cards be used for town purposes only.

**Finding**

Petty cash funds were used to pay for personal expenses.

Between August 2011 and January 2012, seven online purchases totaling $1,172.09 were paid to “Drink Life In” and “Zen Life” nutritional and weight loss supplement companies. These purchases were made using the petty cash debit card. We found no supporting documentation for these expenditures, nothing to establish that these purchases were made for the benefit of the Town, or that the Town received reimbursement for the funds expended.
Although it was not definitively established that these purchases were personal expenditures of Joetta Tyler-Hyde, we located emails between Tyler-Hyde and Zen Life dated March 25 and April 2, 2012, discussing the products and their appropriate uses.

**Finding**

Petty cash payments were made to Mike and Joetta Tyler-Hyde with no supporting documentation.

For the period July 1, 2011 through February 28, 2013, 20 petty cash checks totaling $3,042.33 were issued to Joetta Tyler-Hyde and Mike Hyde. None of these transactions could be traced to purchase orders, requisitions, or receipts. A note on the memo line of the check was the only supporting documentation for these transactions.
Objective III

In July 2013, Mayor Monty Lenington presented a concern that former Deputy Town Clerk Joetta Tyler-Hyde had possibly collected money for tickets outside of her official duties and not remitted these funds to the Court in a timely manner. By request of the Board, we performed a limited review of court transactions related to this concern.

The Town of Roland Police Department had previously conducted an investigation and obtained witness statements from individuals who gave funds to Tyler-Hyde for payment of citations. These individuals subsequently discovered that their tickets were not paid when warrants were issued for their arrest. Because the Police Department had conducted an investigation into these specific cases, we did not perform further review of the related transactions.

We did review the procedures of the Court in handling requests for dismissal of tickets. According to Roland Court Clerk Maudeen Vann, to void a ticket from the system, completion of a “Dismiss Citation Report” is required. This report should be completed and approved by the officer who wrote the ticket and the police chief.

Finding

Joetta Tyler-Hyde collected money for tickets outside of her official duties and did not remit these funds to the Court in a timely manner.

Vann stated that Tyler-Hyde would sometimes call and ask that a ticket be voided without providing the required “Dismiss Citation Report.” Vann estimated that less than ten tickets had been voided at Tyler-Hyde’s request. In some instances, Vann withdrew warrants for Tyler-Hyde, recording the transaction as “due to court error.”

Also, at times, Hyde requested that Vann waive the late fee on tickets paid. She asserted that the person paid her and she had not had time to forward payment to the Court. In these situations, Tyler-Hyde wrote a check on her personal account to pay the ticket.

In the course of our investigation, we discovered six checks paid from Joetta Tyler-Hyde’s personal checking account to the Roland Municipal Court. Each check contained individual names and/or ticket numbers on the memo line. Of these six checks, two of the payments were for Ticket 069019. This defendant pled guilty and was put on a payment plan. Tyler-Hyde made at least two of these payments.

Additionally, a personal check in the amount of $150 was made out to the Court and the ticket was cleared. Another personal check in the amount of $35 was paid for court costs of the related citation. The citation had an original cost of $100, but was dismissed with court costs. We were unable to determine if the dismissal was at the directive of Joetta Tyler-Hyde.

We also found the following two instances in which the citation was not paid in a timely manner and bench warrants were issued:

- Personal check 4498 was issued to “Roland Municipal Court,” dated July 16, 2012, in the amount of $170, for citation 060718. This citation was due on December 20,
2011. The front of the ticket jacket obtained from the Court indicated that a driver’s license suspension was sent to the Department of Public Safety on January 25, 2012, and a bench warrant was issued on February 20, 2012. The jacket also indicated that the bench warrant was recalled on July 16, 2012, and the suspension was withdrawn “on court error per Joetta.”

- Personal check 4287 was issued to “Roland Municipal Court,” dated November 01, 2012, in the amount of $170 for citation 065768. This citation was due February 12, 2012. The ticket jacket for this citation indicated that a failure to comply letter was mailed May 23, 2012, with a bench warrant issued on June 15, 2012. The bench warrant was recalled November 1, 2012, when the ticket was paid in full by Joetta Tyler-Hyde.
After being contacted by town officials in January 2013, to investigate possible financial irregularities involving expenditures, we conducted a preliminary assessment of these concerns. During this assessment, the validity of payments to some select vendors was questioned, along with the legitimacy of “handwritten” checks. Based on this evaluation, we performed a review of expenditures.

Apart from the petty cash fund previously discussed, there were three accounts from which funds were disbursed for the regular activities of the Town: the General Fund, the Utility Authority Fund, and the Street Fund. Candy Woodward, utility clerk, was responsible for paying the Town’s routine bills; Joetta Tyler-Hyde, the former Deputy Town Clerk, was responsible for issuing payroll. Tyler-Hyde also had access to blank check stock for all three bank accounts.

Our examination of expenditures began by obtaining bank statements directly from the financial institutions for the General, Utility Authority, and Street fund accounts. A review of the checks issued from these accounts was made, with transactions compatible with our preliminary assessment selected for further evaluation.

A discussion with town officials revealed that purchasing policy allowed department heads to spend up to $500 and the city administrator to spend up to $750 without board approval. Expenditures above these amounts required board approval unless the purchase was an emergency.

In early 2011, additional procedures were put into place requiring department heads to submit requisitions to Purchasing Agent Greg Walters prior to a purchase. Upon receiving the purchase requisition, the utility clerk issued a purchase order, followed by the department head completing the purchase and submitting the receipt or invoice for payment.

All checks issued for payment required two signatures. Authorized signors included the current mayor, one council member, and the town clerk. Although two signatures were mandatory, no live signatures were required. In their place, the Town used signature stamps for the signing of the checks. The signature stamps used during our review period included Town Clerk Cindy Barker, former Mayor J.R. Crowson, and current Mayor Monty Lenington.

Control of the stamps primarily remained in the possession of Utility Clerk Candy Woodward; however, former Deputy Town Clerk Tyler-Hyde had access to the stamps and used them when preparing payroll, petty cash, and other limited town disbursements.

**Finding**

**Expenditures were not supported by receipts, requisitions, or purchase orders.**

Of 27 disbursements reviewed, we found six checks that were not supported by a requisition, purchase order, or receipt. These six checks were hand written to the vendors, Diane Walls, Specialty Woodworks Inc., Barbara Haggard, Odom’s Wholesale, Sam’s
Club, and Wal Mart. These were the only hand written checks noted. The additional 21 disbursements were supported by adequate documentation.

In order to confirm the six hand-written checks were for town purchases, we contacted vendors, interviewed staff and attempted to obtain duplicate receipts; however, we could not verify that all purchases were made for a town purpose.

The invoice supporting a purchase made to Odom’s Wholesale revealed the purchase of ten pub tables and chairs along with other furniture items. We were unable to locate any of these items in the Town’s possession.

Finding Checks were signed by unauthorized personnel.

The Town uses signature stamps for the signing of checks. Almost all checks issued by the Town of Roland are authorized by signature stamps instead of using live signatures. Signature stamps are used for Town Clerk Cindy Barker, Mayor Monty Lenington, and former Mayor J.R. Crowson.

While reviewing general fund, utility fund, street fund, and petty cash fund bank accounts, we noted more than 100 checks in which the signature of Cindy Barker was not the customary “signature stamp” but consisted of a live “unauthorized” version of Cindy Barker’s signature.

According to Barker, she was unaware of anyone actually signing her name in place of using her signature stamp. In the two examples shown below, the check on the left is “signed” by Barker’s signature stamp, while the check on the right is an example of a check signed by an unauthorized individual using Cindy Barker’s name. Cindy Barker was shown the check on the right and immediately acknowledged that the signature in question was not hers.

We could find no explanation or accountability for these unauthorized signatures. We discussed with town officials their purpose in using signature stamps. Officials provided no valid reason for use of the stamps other than convenience.

Finding Hand and power tools purchased by the Town could not be located.

During our review of expenditures, we noted that the Town purchased a number of tools, including a power drill, circular saw, and framing nailer. We attempted to visually verify the tools purchased by visiting the department heads at their shops and offices; however we did not locate any of these tools in the Town’s possession.
Town policy did not require department heads to maintain an inventory of property and equipment. As such, it could not be determined who was responsible for custody of the tools and equipment purchased, or where this inventory was located.

Finding

The Board’s approved Christmas budget was not observed.

In FY 2012, the Board unanimously approved a town Christmas budget of $2,500. Subsequent to this approval, three payments were made to “Holiday Lights,” all dated November 28, 2011, in the amount of $1,900.84, consisting of one payment each from the General Fund, the Roland Utility Authority Fund, and the Street Fund. All three payments made to “Holiday Lights” were supported by purchase orders requested and approved by Joetta Tyler-Hyde.

A note written by Town Clerk Cindy Barker on her December 13, 2011 board agenda, stated, “check why Christmas lights were paid 3 times.” The Christmas lights were not paid “three times,” but from three different funds totaling $5,702.52. It appears that the Board’s approval of the $2,500 Christmas budget was ignored and payment was made to the vendor “Holiday Lights” in excess of the authorized amount.

The Board apparently discussed the lack of compliance with the Christmas budget as can be seen in the board minute statement shown here; however, no subsequent action was taken by the Board relating to the disregard of their official instruction.
Employment of Michael (Mike) Hyde

According to town officials, Mike Hyde, spouse of former Deputy Town Clerk Joetta Tyler-Hyde, was hired only as a temporary part-time employee and was never employed full-time for the Town of Roland. However, during our investigation we noted insurance benefits were paid for Mike Hyde; benefits that were afforded only to full-time employees of the Town.

Because of the uncertainty surrounding Mike Hyde’s employment and the possibility that inappropriate benefits were paid by the Town on his behalf, a complete evaluation of his hiring was performed.

Finding

Town Council meeting minutes were falsified, erroneously presenting Mike Hyde as a full-time employee of the town and showing unauthorized payment of health insurance benefits.

Deputy Town Clerk Joetta Tyler-Hyde, spouse of Mike Hyde, was responsible for preparing council meeting agendas and recording and filing official copies of board minutes. In addition, all official minute books were maintained in Tyler-Hyde’s office. During the course of our investigation, we discovered three versions of the October 12, 2010 town council meeting minutes addressing the employment of Mike Hyde.

**Version One** of the minutes was found in a box of documents collected from Joetta Tyler-Hyde’s office by the Roland Police Department following her resignation. These minutes bore the stamp or signature of all board members along with the signature of Town Clerk Cindy Barker. A copy of this version of the minutes was also located in the minute book at the Roland administration building. These minutes stated the following:

> Motion was made by B.J. Bramlett and seconded by Monty Lenington to employ Mike Hyde as a Building Maintenance Supervisor at a salary of $1000.00 per month plus insurance benefits effective December 1, 2010. Ayes: Paul Moreland, J.R. Crowson, Monty Lenington, Aaron Pitts, B.J. Bramlett. Nays: None.

**Version Two** was also discovered in a box of documents collected from Joetta Tyler-Hyde’s office by the Roland Police Department after she resigned. This version was not signed by town officials and was silent regarding the hiring of Mike Hyde. This version was part of a town meeting packet and also included a copy of the associated meeting agenda. The agenda made no mention of hiring Hyde.

**Version Three** of the minutes was obtained from a division of the Oklahoma State Auditor and Inspector’s Office auditing the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB). The Auditor’s office was performing an audit of OSEEGIB including a review of eligibility requirements for employee members.
Michael Hyde was chosen for review as part of a sample of group members related to this audit.

These minutes were submitted by the Town of Roland to provide evidence of Michael Hyde’s eligibility for insurance benefits with OSEEGIB and included the following version of the October 12, 2010 Board minutes. The minutes were signed or stamped by all board members and differ from the other two versions of the minutes.

In addition to these three versions of the minutes, we also reviewed Town Clerk Cindy Barker’s copy of the agenda for the October 12, 2010 council meeting. Barker’s official copy of the agenda does not mention the hiring of Mike Hyde.

We spoke with Council Member Aaron Pitts, Town Clerk Cindy Barker, and Mayor Monty Lenington. According to Pitts, Version One and Version Three of the October 12, 2010 Board minutes, were falsified to make it appear that the Board approved full-time employment for Mike Hyde. Pitts said the signature on the meeting minutes was not his.

According to Barker, she did not sign the October 12, 2010 meeting minutes. Barker said Mike Hyde was never hired as a full-time employee and should not have been covered by the Town’s health insurance.

Monty Lenington was the Town’s Vice-Mayor in October 2010. Lenington said he did not sign the October 12, 2010 meeting minutes. He also stated that Mike Hyde was never hired as a full-time employee.

We reviewed all of the available meeting minutes from July 2010 to February 2013. With the exception of the October 12, 2010 minutes, none of the meeting minutes were signed by the Board or Town Clerk.

In addition to the October 12, 2010 meeting minutes, other documents showed varying dates of employment for Mike Hyde:

- Mike Hyde’s personnel folder contained an OSEEGIB insurance enrollment form with the “New Hire Enrollment” box selected. An additional hand written note stated “Hire Date 11-16-10.”

- Employee reports printed from the Town’s software show Mike Hyde was employed with the Town of Roland from July 3, 2011 to December 31, 2011, at a rate of $8 per hour.

- The April 7, 2011, payroll report contains a handwritten note beside Mike Hyde’s name of “Temp $9.00,” implying Hyde was a temporary employee paid at the rate of $9.00 per hour.
In addition to the inconsistent documentation presented in the records concerning Mike Hyde’s employment, Hyde did not receive consistent payroll payments from the Town.

We examined all town bank accounts from July 2009 to February 28, 2013. The first payment made to Mike Hyde was March 2011, almost three months following his alleged hire date. This initial March 2011 payment, is noteworthy as Hyde was represented as a full-time employee as of December 1, 2010, and was covered by the Town’s health insurance plan as of this earlier time period.

The lack of consistent payroll payments, the apparently false and inconsistent meeting minutes, unauthorized signatures, and statements made by the Board and the Town Clerk denying that Mike Hyde was ever a full-time employee of the Town, constitute strong evidence that Mike Hyde was never employed as a full-time employee for the Town of Roland and, as such, was not eligible for town funded health insurance benefits.

**Finding**

Mike Hyde received the benefit of $12,307.56 in employer-paid health insurance premiums for which he was not entitled.

From the Personnel Policy Book:

![Health Insurance]

The Town of Roland pays the entire cost of health insurance for permanent full time employees. Also included in this insurance is a life insurance policy for the employee.

As discussed above, we determined that Mike Hyde was not a full-time employee of the Town of Roland, and therefore, ineligible for employee paid health insurance. We spoke with the Deputy Administrator of the Employees Group Insurance Division with the Office of Management and Enterprise Services, who provided us with a statement showing premiums paid by the Town of Roland on behalf of Mike Hyde. According to the statement provided, Hyde was covered under the Town of Roland health insurance plan from December 1, 2010 until December 31, 2012. During this period, the Town paid health insurance premiums of $12,307.56, on his behalf.

**Hospital Payment**

In our initial assessment of the Town of Roland, a concern was brought to our attention regarding payments to Stilwell Memorial Hospital. When Joetta Tyler-Hyde was questioned by Town of Roland Police Chief Tommy Sessums as to the purpose of these payments, she reportedly stated that the payments were for garnishments from her pay for a past due bill to the hospital for Mike Hyde.

A review of town bank accounts revealed 20 payments totaling $2,679.56 made to Stilwell Memorial Hospital during our audit period. In reviewing the Town’s “Employee Deduction Fringe List,” $2,200.00 of this amount appeared to have been paid as a garnishment to the hospital through payroll deductions; and withheld from payroll checks payable to Mike and Joetta Hyde in the amounts of $1,800 and $400 respectively.
The additional payment of $479.56 was also paid to Stilwell Memorial Hospital, but not as a garnishment. This payment was made on Street Fund Check 113 dated September 2, 2011. This check was voided in the check register, but subsequently cleared the bank.

We located purchase order 2012-13-52 dated August 8, 2011, in a box in the Administration Building. This purchase order was made to Memorial Hospital for “Medical W/C for X-Rays” in the amount of $479.56. The box also contained a bill from Memorial Hospital for $479.56, dated July 25, 2011. The dates of service were July 26, 2010 and August 3, 2010, and the patient was Joetta Tyler. The accounts receivable department at Stilwell Memorial Hospital confirmed that the Town of Roland paid $479.56 on Joetta Tyler’s account.

Since “W/C” was in the description of the purchase order, we gave consideration that this transaction could possibly be a workman’s compensation claim. In review of the records, we located a workman’s compensation claim for Tyler-Hyde; however, this claim in the amount of $37,159.34 was closed on March 16, 2010. We found no other claims for Tyler-Hyde that were town obligations.

In reviewing bank statements of the Town of Roland, we noted General Fund check 934 for $300, dated December 15, 2011, made payable to Greg Walters. Although the check was payable to Walters for an employee Christmas Stipend, it was endorsed and cashed by Brante Scott and cleared the bank on December 16, 2011. We inquired as to why a check made payable to Greg Walters was endorsed and paid to Brante Scott.

According to Walters, the Christmas bonuses were handed out in sealed envelopes at the Christmas party. Walters put his envelope above the visor in his car; a few days later he opened the envelope and noticed that the check was made out to Brante Scott. He returned that check to Joetta Tyler-Hyde and was told that Brante Scott had already cashed Walters’ original stipend check, so Tyler-Hyde issued Walters a new check. Greg Walters received his replacement Christmas Stipend on General Fund check 959 dated December 19, 2011, for $300.

We then noted an additional Christmas Stipend paid to Brante Scott on Utility Authority check 607 dated December 15, 2011, for $300. This check was endorsed by Brante Scott, clearing the bank on December 19, 2011. This payment, on initial review, appeared to have been an “extra” $300 stipend to Brante Scott.
However, when reviewing Tyler-Hyde’s personal bank accounts, we noted “Official Bank Check” #1520045 for $300, dated December 19, 2011, deposited into her account on March 15, 2012. The purchaser of this cashier’s check was Brante Scott, and the check was made payable to Greg Walters. The check was endorsed by both Greg Walters and Tyler-Hyde.

According to Walters, he did not recall ever receiving or endorsing the “Official Bank Check” from Brante Scott. Officials at Firstar Bank reported the cashier’s check was bought with cash and no source documents existed to support the purchase.

While scheduling out payments to town employees, we became aware of checks issued to Joetta Tyler-Hyde and Greg Walters for commissions paid on grants awarded to the Town of Roland. We conducted a further evaluation to determine allowable grant commissions, if any, under current town policy.

Greg Walters was hired in October 2008, as a dispatch supervisor for the Roland Police Department and a grant writer for the Town. Per the board minutes of October 2, 2008, commissions to be paid Walters on grants were: 5% for grants of less than $50,000, 4% for grants of $50,000-$100,000, and 2% for grants over $100,000.

Payment of grant commissions was also addressed in the July 14, 2009, Town of Roland meeting minutes shown below. It was originally believed that these minutes were the authority provided by the Town to substantiate the paying of grant commissions to Joetta Tyler-Hyde. These minutes were “signed” or stamped by then-Mayor J.R. Crowson, and the-Vice-Mayor Monty Lenington, and Town Clerk Cindy Barker, the only three town officials with signature stamps.

![Image of bank check]

Motion was made by Monty Lenington and seconded by J.R. Crowson to pay Greg Walters for any grants that he did the paperwork on, also included as standard policy was that anyone who did the paperwork on grants should be paid a commission at the same rate as established previously. Ayes: Paul Moreland, J.R. Crowson, Monty Lenington, Aaron Pitts, B.J. Bramlett. Nays: None.

Finding  Joetta Tyler-Hyde received grant commissions of $21,976.31 ($19,805.47 net) for which she was not entitled.

In discussion with board members and the town clerk, all confirmed that the July 14, 2009 minutes, were not authority for payment of grant commissions to Joetta Tyler-Hyde. We spoke with Monty Lenington, Cindy Barker, Aaron Pitts, and B. J. Bramlett concerning payment of grant commissions. All four emphatically stated that the Board did not approve Tyler-Hyde to receive any commissions on grants.
It should be noted that Deputy Town Clerk Joetta Tyler-Hyde was responsible for preparing council meeting agendas and recording and filing official copies of the council minutes. In addition, all official minute books were maintained in Tyler-Hyde’s office.

**Finding**

Grant commissions paid were inconsistent in amount and were paid in excess of authorized percentages. Amounts paid ranged from 1.14% to 20%.

<table>
<thead>
<tr>
<th>Granting Agency</th>
<th>Date</th>
<th>Amount of Grant</th>
<th>Joetta Tyler-Hyde Commission</th>
<th>Greg Walters Commission</th>
<th>Total Commission (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Wildlife Conservation</td>
<td>10/15/2009</td>
<td>$87,257.85</td>
<td>$3,490.31</td>
<td>$0</td>
<td>4%</td>
</tr>
<tr>
<td>Eastern OK Development District</td>
<td>11/20/2009</td>
<td>$25,000.00</td>
<td>$1,250.00</td>
<td>$0</td>
<td>5%</td>
</tr>
<tr>
<td>Eastern OK Development District</td>
<td>11/20/2009</td>
<td>$10,000.00</td>
<td>$500.00</td>
<td>$500.00</td>
<td>10%</td>
</tr>
<tr>
<td>OK Dept of Commerce CDBG</td>
<td>07/11/2008</td>
<td>$250,000.00</td>
<td>$5,000.00</td>
<td>$0</td>
<td>2%</td>
</tr>
<tr>
<td>U.S. Dept of Agriculture</td>
<td>05/28/2009</td>
<td>$924,600.00</td>
<td></td>
<td>$10,496.00</td>
<td>1.14%</td>
</tr>
<tr>
<td>U.S. Dept of Agriculture</td>
<td>08/03/2010</td>
<td>$282,400.00</td>
<td>$4,375.00</td>
<td>$4,375.00</td>
<td>3.10%</td>
</tr>
<tr>
<td>Bureau of Indian Affairs</td>
<td>09/02/2010</td>
<td>$10,650.00</td>
<td>$532.50</td>
<td>$532.50</td>
<td>10%</td>
</tr>
<tr>
<td>D.A. Council</td>
<td>10/01/2010</td>
<td>$4,570.00</td>
<td>$228.50</td>
<td>$228.50</td>
<td>10%</td>
</tr>
<tr>
<td>OK Dept of Commerce CDBG</td>
<td>04/29/2011</td>
<td>$70,000.00</td>
<td>$6,600.00</td>
<td>$6,600.00</td>
<td>18.86%²</td>
</tr>
<tr>
<td>U.S. Dept of Justice</td>
<td>10/01/2010</td>
<td>$180,000.00</td>
<td></td>
<td>$0</td>
<td>$9,000.00</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td>$21,976.31</td>
<td>$31,732.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Tyler-Hyde received a check in the amount of $10,496 that was voided in the check register but cleared the bank. See reporting of this check on Page 6.

2. The town received only $65,800 of the $70,000 grant for a commission of 20%.

Grant commissions paid to Joetta Tyler-Hyde and Greg Walters were scheduled out for the period July 1, 2009 through February 28, 2013. Although Tyler-Hyde was not entitled to receive grant commissions as discussed above, her grant commission payments are included in the table above and in this discussion in order to document the percentages actually paid by the Town.

The Town received a Department of Wildlife Conservation grant in October 2009 for $87,257.85. On January 6, 2010, Tyler-Hyde received a commission paid on this grant for $2,997.22 net. Walters said that he did not receive a commission on this grant, understanding that these funds were considered emergency money and were not eligible for commission payout.

The Town of Roland was awarded an Oklahoma Department of Commerce Community Development Block Grant in the amount of $70,000 for the period April 29, 2011 to April 29, 2013. Oklahoma Department of Commerce officials verified that the Town received $65,800 of the $70,000 awarded on March 21, 2013, over two months after
Tyler-Hyde ended her employment. In spite of this, Tyler-Hyde received a commission check for $6,600.

Walters also received a commission on this grant for $6,600.00 via Street Fund check 7, dated July 5, 2011, additionally supported by purchase order 2012-13-11. With a combined commission of $13,200.00, the total amount of commission paid on this grant was almost 20% of the funds received. This amount far exceeded the 4% commission that was allowed by town policy.

In February 2011, Walter’s employment position changed and he became a full-time grant writer, without commission, and a fill-in dispatcher. Commissions would continue to be paid on grants that were in progress at the time of the change, but no future grant commissions were incurred.

In the course of our investigation we were provided bank statements for an organization called RANCO, the Roland Area Native Community Organization. This account was opened in June 2012, through a deposit of a check from the Cherokee Nation. This check was payable to the Town of Roland and endorsed “For Deposit Only Ranco, Inc c/o Town of Roland.”

Since this check was payable to the Town of Roland and deposited into a bank account outside the Town’s official accounts, we expanded our investigation to include an analysis of RANCO and the associated bank account.

**Finding**

Joetta Tyler-Hyde represented herself to the Cherokee Nation as an agent of the Town of Roland, acquiring funds in the name and FEIN of the Town, subsequently depositing those funds in an account outside the Town’s authority. The checks were falsely endorsed and the transactions were not approved by the Town Board of Trustees. Additionally, at least $2,000 of these funds was directly transferred to Tyler-Hyde’s personal bank account.

We contacted the Cherokee Nation to determine the official purpose of these funds. According to information provided by the Cherokee Nation, Joetta Tyler-Hyde completed at least three “Community Assistance” request forms with the Tribal Council of the Cherokee Nation. The requests were completed in the name of the Town of Roland and one stated that the Town would act as “agent” for the funds requested. The payments were made under the town’s Federal Employee Identification Number (FEIN) as evidenced by a W-9 on file signed by Tyler-Hyde.

From the requests submitted, three checks from the Cherokee Nation made payable to the Town of Roland, were issued totaling $4,500. All were deposited into the RANCO bank account.
Disbursements from the RANCO account included a telephone transfer for $2,000 made January 8, 2013, to Joetta Tyler-Hyde’s personal bank account; $1,787.13 of checks paid with no payees and no endorsements; $4,473.13 of checks payable to the National Bank of Sallisaw and converted to money orders and cashier checks for payment to Tyler-Hyde ($1,207.51) and at least four other individuals; and $114.74 paid out in cash and bank fees.

### Policies, Procedures, Internal Controls and Board Oversight

As discussed throughout this investigative report, town policies, procedures and internal controls were lacking and on occasion non-existent. In several circumstances town records were poorly maintained, inaccurate and in some cases, contradictory and/or missing. Specific occurrences of internal control weaknesses, non-compliance with town policies and procedures, and lack of oversight by the Board are noted below.

#### Payroll

- Payroll was frequently approved by the Board as a “total” amount only, allowing payroll payments to be made to employees and not be reported to the Board in their weekly board packets. As evidenced by the findings in this report, the Board approved payroll without being properly informed as to individual employee pay and benefits, thus increasing the probability that inappropriate payroll activity would occur and remain undetected.

- The Town currently processes and distributes payroll every other Thursday. This process conflicts with written policy which states that payroll will be every other Friday, semi-weekly, for 26 pay periods per year. The Town should either update the written policy regarding payroll distribution to correspond with that of the current process or comply with current policy.

- The Town used a leave “buyback” program allowing employees to sell unused leave. However, the Town did not maintain leave records for their employees. Failing to track sick and vacation leave and allowing sell back of such leave exposes the Town to a risk of overpayment of leave balances or risk of not appropriately compensating current employees. We recommend the Town immediately begin tracking leave balances.

- The Town did not always require timesheets or time recording for hourly employees. Time records should be maintained in all instances where an employee is paid on an
hourly basis. Such procedure will protect both the town and the employee when disputes of time worked are presented and provide a documented basis for payments made.

**Disbursements**

- The Town required no “live” signatures on checks. The Town’s use of a signature stamp relinquished oversight and control to whomever had possession of the stamps. In addition, the signature stamps were not properly controlled and were used with little or almost no oversight. **We recommend that all checks be signed “live” by approved personnel and that signature stamps no longer be used by the Town.**

- Purchase orders were paid without supporting documentation on file. We recommend that no payments be made by the Town without proper documentation. The Town has an established requisition/purchase order process. We recommend that this process be reviewed, documented, and enforced by all town personnel.

- Town policy requiring that expenditures exceeding $750 receive prior approval of the Board was not followed. We recommend the Board evaluate all purchasing policies and procedures and require that such policies and procedures are followed.

- The Town does not maintain an inventory of equipment and material items purchased. We recommend establishment of an inventory control listing for town assets. This listing should be updated as items are purchased, and someone independent of the purchasing process should be assigned to conduct inventory on an annual basis.

**Board Oversight**

- Repetive findings in the Town of Roland’s 2007, 2008, 2009, and 2010 external audits were consistently ignored and no corrective action was taken. External audits are a tool to alert the governing board of possible issues in the town’s financial process that are lacking. We recommend that when concerns are presented, the Board review and address the matters presented in a timely manner. Such action should decrease the likelihood that improper transactions will occur.

- Board of Trustee meeting minutes for the period July 1, 2011 to February 28, 2013, were not signed by the Board. The first set of minutes signed by the Board in the time period reviewed was February 1, 2013. We recommend that all board minutes be reviewed for accurate content, approved by the board, and verified by the town clerk.

- We received the board packets including agendas from July 2011 to February 2013, from Town Clerk Cindy Barker. In some instances the minutes of the meeting did not match the agenda. For example, the August 14, 2012 council meeting agenda, clearly states “discussion and action on the annual COL Raise.” Barker’s handwritten notes indicate that the motion was presented by “AP,” with the second by “JR.” The council agreed on a 3.5% raise to be paid in two installments, one in December 2012 and one in June 2013. However, the August 14, 2012 official town minutes, have no record of the raise being discussed.
We recommend that the recording of town minutes be thorough and complete, documenting and recognizing all activity conducted in the meetings, the results of those discussions and the accompany vote of each board member.

- Some of the board meeting minutes were missing from town records. The Town should take great measure to maintain a record of all board minutes and make them available for review.

- **11 O.S. 17-105** requires the governing body of each municipality with an income of $25,000 or more to obtain an annual financial statement audit. Such audit shall be filed with the State Auditor and Inspector within six months after the close of the fiscal year. The Town of Roland did not meet their annual audit requirement for FY 2011, 2012, and 2013.

**Internal Control**

- The lack of segregation of duties is inherent in any town with a limited number of employees and the Town of Roland is no exception. The town clerk, court clerk, and utility clerk offices are each managed by one employee. As such, internal controls in these offices are almost non-existent. We have discussed this with town officials, recommending that an evaluation be conducted of the duties associated with these positions and that additional accountability and controls be put in place to increase the oversight of these offices.

The Town has initiated this process by specifically separating the bank reconciliation process from the check writing and payment processes. This single change in the financial management process should greatly increase financial oversight and greatly decrease the opportunity for inappropriate payments and non-timely detection of such payments.

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**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.