



# JUSTICE ALMA WILSON SEEWORTH ACADEMY

## Special Investigative Audit

November 16, 2021

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

***Justice Alma Wilson Seeworth Academy***

***Special Investigative Audit***

***Release Date – November 16, 2021***

## EXECUTIVE SUMMARY



### Justice Alma Wilson Seeworth Academy

### Investigative Audit Report

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## WHY WE DID THIS AUDIT

Under 74 O.S. § 213 the State Board of Education requested the State Auditor & Inspector's (SA&I) office conduct an audit of Justice Alma Wilson Seeworth Academy (Seeworth). The audit period encompassed July 1, 2017 through December 31, 2019, but was extended to include key information when necessary.

The objectives of the audit were to determine whether revenues, expenditures, and payroll, were properly accounted for during the audit period and that the public funds entrusted to Seeworth were properly relinquished to the OKCPS.

## WHAT WE FOUND

In a letter dated May 2, 2019, the Oklahoma State Department of Education (SDE) notified Seeworth that it was “seriously deficient in the areas of transparency, accountability, and policies and procedures as they related to the School’s federal funds.”

Due to insurmountable issues that had arisen, primarily with respect to special education programs and secondarily regarding financial oversight, on May 31, 2019, the Seeworth Board of Directors (Board) voted to relinquish the school’s charter. The school ceased to exist as of June 30, 2019.

Despite relinquishing the charter, the Board refused to undertake the necessary steps to conclude the operations of the school. On August 29, 2019, OKCPS filed a Temporary Restraining Order<sup>1</sup> in Oklahoma County District Court to “freeze the funds” of the school. Through a final Agreed Order filed on September 4, 2019, Seeworth was directed to transfer all property and funds to OKCPS.

### **Introduction and Oversight (Pages 1 - 6)**

The Oklahoma Charter Schools Act<sup>2</sup> provides for a governing body to be responsible for the oversight and operational decisions of a charter school. The Board was

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<sup>1</sup> Case No. CV-2019-1965 filed in the District Court of Oklahoma County.

<sup>2</sup> 70 O.S. § 3-130 *et. seq.*

responsible for the financial management of the school and for hiring a management team to provide the leadership required for successful operations.

Despite the fact that financial and internal control issues, along with red flags for potential fraud, were brought to the attention of the Board, they failed to initiate follow-up procedures, increase oversight, or take other appropriate measures. In March 2019, when the Board received a whistleblower letter alleging financial improprieties, the allegations were dismissed. Soon after, when an individual offered to donate \$1,000,000 on the condition that an independent accounting firm conduct an audit of Seeworth, the donation was refused.

The overarching lack of oversight by the Board created an environment ripe for financial mismanagement and the misappropriation of funds.

### **Post June 30, 2019 Activity (Pages 28 - 35)**

The Seeworth Board voluntarily relinquished their charter effective June 30, 2019. In accordance with statute and the charter, Seeworth's assets were to be turned over to OKCPS, the charter sponsor. Instead of complying with statute, and despite written warnings from the closing officer, the Board continued to maintain the school's assets and pursue options for continuing Seeworth operations.

When it became apparent that the Seeworth assets were not going to be turned over and that the Seeworth bank account was being used to fund a possible reorganization effort, on August 29, 2019, OKCPS filed a Temporary Restraining Order in Oklahoma County District Court to "freeze the funds." On September 4, the court ruled in favor of OKCPS and ordered the transfer of all property and funds.

Because Seeworth ceased to exist as a public entity as of June 30, 2019, all unencumbered funds became the property of OKCPS. Seeworth received no appropriated funds for the fiscal year ending June 30, 2020. As a result, any expenditures incurred in this fiscal year were neither legal nor authorized transactions.

Prior to funds being transferred to OKCPS in September 2019, the Board authorized \$135,713 in improper expenditures. Costs were incurred against non-existent appropriations. Of this amount, \$81,704 was payroll related, \$9,255 was operations related, and \$44,754 was paid in legal services.

### **Payroll (Pages 7 - 11)**

Superintendent Janet Grigg's contract, including benefits and extra-duty pay, totaled \$163,000 per year. Under the School District Transparency Act,<sup>3</sup> Grigg was required to report her total compensation package to SDE. Grigg underreported her compensation to SDE by an average of \$49,000 per year; as a result, her actual earnings were never reported publicly as required by law.

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<sup>3</sup> 70 O.S. § 5-135.4

Between January 1, 2014 and March 4, 2019, Grigg misappropriated \$210,751.08. The fraud consisted of 31 payments all processed by the Seeworth accountant without board approval. When staff bonuses were approved by the Board, Grigg was authorized to determine how much each individual staff member would receive. With this authority, Grigg routinely took a portion of the approved staff bonuses for herself. There were also a number of instances where neither Grigg nor the staff were approved for a bonus, but Grigg still ordered bonus payments to be paid.

Seeworth's accountant questioned Grigg about her bonus amounts but accepted her statement that they were board approved. As a result, when Grigg provided payment lists, the bonuses were paid without question. At times the list only consisted of Grigg's name.

### **Expenditures (Pages 12 - 19)**

Seeworth owned two bank accounts, the General Fund account, and the Corporate Account. The General Fund account was used for the overall operation of the school and was included in the assets of the annual audited financial statements. Although the Corporate Account was established with the school's tax identification number and the statements were mailed to the school's address, it was never included in the annual audited financial statements.

Even though the board was aware of the existence of the Corporate Account, it was managed outside the purview of Board oversight with all deposits and expenditures made by Grigg. The account was primarily funded through donations, student-related income, and reimbursements from the General Fund.

Grigg misappropriated over \$41,000 from the Corporate Account. The fraud consisted of improper ATM cash withdrawals, improper debit card purchases, and improper checks. Almost \$10,000 was spent with QVC, HSN, and Evine, online retailers. Of the \$4,500 in ATM withdrawals, over \$2,200 was made at a local casino. Over \$15,000 consisted of checks made out to Grigg or to cash. The remaining \$11,500 were additional debit card transactions which included charges and cash withdrawals at Dillard's, PayPal, Priceline, and various local convenience stores.

Grigg was reimbursed \$3,167 out of the General Fund for Christmas presents she purchased for board members and school staff. Not only did this purchase constitute an improper expenditure from the General Fund, but the reimbursement to Grigg was also paid by the Seeworth accountant without receiving adequate documentation.

School credit card invoices were often paid late and not paid in full. As a result, Seeworth incurred \$493 in late fees and \$1,132 in interest charges.

**Cash Collections (Pages 20 - 24)**

Seeworth generated cash through basketball ticket sales and concessions, cafeteria operations, and the sale of T-shirts, hoodies, and graduation related items. Basketball revenue was deposited into the Corporate Account, clothing and cafeteria sales were typically deposited into the General Fund, and cap and gown sales were deposited in both the General Fund account and the Corporate Account.

No receipts or tickets were used to account for basketball related income and there were no basketball related revenues deposited in 2015 and 2018. There were also no cash deposits made into the Corporate account in 2019. When cash deposits were made, they were not timely; the frequency of deposits decreased from once per week in 2015 to once every other month in 2018.

All *available* cash receipts and money sheets were analyzed; based on this analysis at least \$3,826 in cafeteria and clothing sale funds were misappropriated. Evidence suggests that a significant quantity of receipt books was lost or destroyed.

**Inventory (Pages 25 - 27)**

Comprehensive inventory records could not be located in the available Seeworth documentation. The lack of complete inventory records restricted the analysis of inventory items turned over to the charter sponsor, OKCPS.

A review of vehicle titles identified that a GMC Yukon purchased in 2007 for \$47,450, that should have been transferred to OKCPS, was unaccounted for. The vehicle was still titled to Seeworth, had school license plates, and was insured by Seeworth until the policy lapsed in October 2019. The Yukon was located at Grigg's residence eight months after Seeworth terminated her employment. It was subsequently repossessed by OKCPS.

An e-mail dated August 7, 2019, a month after the Seeworth charter was relinquished, contained a limited inventory listing of technology items and refrigerators and freezers. Some of the technology items such as computers and flat screen televisions were not turned over to OKCPS. There were also refrigerators and freezers not turned over that were valued at \$10,000 or more.

November 16, 2021

**TO THE OKLAHOMA STATE BOARD OF EDUCATION**

Presented herein is the investigative audit report of Justice Alma Wilson Seeworth Academy. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office by the agencies and individuals who assisted in our investigation.

This report is a public document pursuant to the Open Records Act, 51 O.S. §§ 24A.1, *et seq.* and is available to any person for inspection and copying.

Sincerely,



OKLAHOMA STATE AUDITOR & INSPECTOR



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# *Chapter 1*

## *Introduction and Oversight*

### Introduction

The Justice Alma Wilson Seeworth Academy (Seeworth) was a public charter school named after its founder, Chief Supreme Court Justice Alma Wilson. Seeworth was established as an alternative school for adjudicated youth in 1998 and became a charter school in 2000. Over the last six school years ending in June 2019, Seeworth’s average daily membership gradually decreased from 458 to 384. On May 31, 2019, the Seeworth Board of Directors (Board) voted to relinquish the school’s charter and terminate their contract with the Oklahoma City Public Schools District (OKCPS), their charter sponsor, effective June 30, 2019. Seeworth, as a charter school, ceased to exist as of said date.

Seeworth was predominantly funded by state appropriations and federal funds averaging over \$3.7M per year during their last three years of existence. In addition, they received considerable donations from corporations and the public.

### Board of Directors

The Oklahoma Charter Schools Act<sup>4</sup> governs the establishment and closing of charters schools. Several entities provided varying levels of oversight of Seeworth, however the school’s governing body, the Board, was ultimately responsible for the policies and operation of the school. Title 70 O.S. § 3-136(A)(8) of the Act states:

*A charter school shall provide for a **governing body** [emphasis added] for the school which shall be responsible for the policies and operational decisions of the charter school.*

The Board is also responsible for the financial oversight and reporting of the school as stated in 70 O.S. § 3-136(A)(18) of the Act:

*No later than September 1 each year, the **governing board** [emphasis added] of each charter school formed pursuant to the Oklahoma Charter Schools Act shall prepare a statement of actual income and expenditures for the charter school for the fiscal year that ended on the preceding June 30 [...].*

During the audit period the Board consisted of the following:

- Greg Dewey<sup>5</sup>
- Senator Kay Floyd
- Patricia Kelley
- John Mayfield<sup>6</sup>
- Beverly Patchell<sup>7</sup>
- Barbara Swinton
- Lee Anne Wilson

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<sup>4</sup> 70 O.S. § 3-130, *et. seq.*

<sup>5</sup> Voted off the Board April 22, 2019.

<sup>6</sup> Attended no meetings after May 31, 2019.

<sup>7</sup> Attended no meetings after June 14, 2019.

**Oklahoma City Public Schools District – Charter Sponsor**

OKCPS sponsored Seeworth and held the charter contract with Justice Alma Wilson Seeworth Academy, Inc. As defined in 70 O.S. § 3-135(C), the charter contract required performance measures and evaluations that clearly set forth the academic and operational metrics for the school.

OKCPS provided charter school updates to their school board and in May 2017, established a Charter School subcommittee to improve OKCPS charter school oversight. OKCPS personnel were in regular contact with Superintendent Janet Grigg, conducted site visits, and reviewed financial documents on a routine basis. Per OKCPS charter oversight staff, Seeworth provided quarterly financial reports to OKCPS and non-financial meetings were held routinely with Grigg.

**State Department of Education**

The State Department of Education (SDE) is responsible for the accreditation of all public schools and under the authority of 70 O.S. § 3-136, monitors the actual revenues and expenses of the school through the Oklahoma Cost Accounting System. The SDE Office of Federal Programs also conducts “Consolidated Federal Programs Monitoring.”

As a result of a March 18, 2019 Federal Monitoring Report, and a subsequent April 30, 2019 on-site visit, SDE sent a letter<sup>8</sup> dated May 2, 2019, to Grigg,<sup>9</sup> evidencing Seeworth’s failure to properly account for taxpayer funds, failure to properly maintain accounting records, failure to comply with the Individuals with Disabilities Education Act, and non-compliance with Oklahoma’s Special Education Policies. The letter demanded the school turn over a litany of records, including bank statements, deposit and receipt records, and all related payroll records by May 6, 2019. The letter further stated that:

*Failure to provide the requested information by the requested date may result in a determination of non-compliance, loss of accreditation, and the withholding of state and federal funds.*

As a result of this letter and Seeworth’s inability to come into compliance, on May 31, 2019, the Board voted to relinquish their charter and terminate their contract with OKCPS, effective June 30, 2019.

**Early Indicators of Potential Issues**

***Finding      The Board failed to recognize and/or act on instances of suggested financial improprieties brought to their attention during the past decade.***

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<sup>8</sup> See Attachment 1.

<sup>9</sup> The letter was “cc’d” to Barbara Swinton, School Board President, and Oklahoma City Public Schools, Sponsor of the School.

Beginning with Seeworth’s public audit report and management letter for the fiscal year ending June 30, 2009, there were several instances of questionable financial activities brought before the Board. These communications indicated that proper internal controls were not in place to protect school finances and some of these communications specifically noted that actual financial improprieties had occurred. In relation to the weaknesses and exceptions reported, it appeared that the internal control structure of the school was never properly modified.

*There were several early indications of financial mismanagement at Seeworth.*

Although occurring ten years prior to the school’s closing, the audit report findings and management letter for the fiscal year ended June 30, 2009, identified key internal control issues and possible violations of law. Some of these items addressed issues relative to the findings included in this report. The following findings were presented to the Board in 2010.

Findings of internal control weaknesses included:

- 1) The Governing Board approved the Director as the representative for hiring of all staff members and negotiations of salaries. This action eliminates an oversight function, *which can be a beneficial control in the payroll process.*
- 2) The Academy<sup>10</sup> employs the individual who designed and owns the accounting software the Academy is using to support their accounting records and provide their accounting reports. *This individual has total control over the accounting system and performs payroll and expenditures functions for the Academy.*
- 3) The school *does not have an adequate segregation of duties* to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Findings of violations of policy, procedures, or law included:

- 4) The absence of payroll policies and procedures resulted in payments made to employees not supported by contracts or payments made in excess of the contracts that existed.
- 5) Two contracts, one for the Academy Director and the other for the Accountant were not ever provided. We were unable to determine that these individuals were paid the correct amount.
- 6) The Director was given absolute authority for approval of all the Academy’s purchase orders and expenditures.

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<sup>10</sup> The Academy was used in the audit reports in reference to Seeworth.

- 7) An amount of \$8,353.54 was paid on the Director’s behalf for a personal mortgage. This amount was not included on her IRS W-2 Form.

These findings, occurring over ten years ago, reflected a scenario of financial mismanagement, questionable payroll transactions, and an overall lack of internal control. Instead of taking the appropriate measures to correct the issues identified by the public auditor, a new public auditor was hired the following year.

On February 1, 2012, a former Seeworth Principal sued Seeworth, Grigg, and Seeworth board members. The lawsuit included several allegations of misconduct and mismanagement including the concern “that Grigg was using Seeworth’s federal funds for personal use.” The lawsuit was dismissed with prejudice and the case was settled out of court.

On March 21, 2017, a letter to the Board from their public auditor reported matters including extra duty paid without contracts, invoices not signed to verify receipt of goods or services, and purchases made without purchase orders.

On March 4, 2019, a longtime Seeworth contractor sent a whistleblower letter to Swinton expressing multiple concerns involving Grigg. The concerns included cash handling procedures and Corporate Account expenditures. On March 10, 2019, Swinton responded to the contractor in an e-mail dismissing all allegations.

From: Swinton, Barbara [REDACTED]  
Date: Sun, Mar 10, 2019 at 6:24 PM  
Subject: Re: Notice of Concerns  
To: Sharilynn Rodgers <[REDACTED]>

Thank you for your concerns about the financial health of Seeworth. These concerns were addressed by our board with our accountants and you should not have any concerns that the funds are being mishandled.

Barbara Swinton

On March 27, 2019, a letter from the public auditor to the Board pointed out instances of no or insufficient documentation of related expenditures, contracts with employees not being signed, and some vendors not being issued a form 1099. Once again, these issues were brought to the attention of the Board concerning weaknesses involving the internal controls and financial management of the school.

A review of annual financial audits reflected additional findings reported to the Board depicting weak internal controls and inadequate financial management.

### *Additional Events*

In the spring of 2019, Seeworth turned down a \$1 million donation offer made by Chad Richison, President and Chief Executive Officer of Paycom. The offer was subject to Seeworth obtaining an audit of their financial activity to be paid for by Richison. The Board, on the advice of board members Swinton and Wilson, who had met with Richison, turned down Richison's offer. Swinton and Wilson stated the Richison offer was turned down because they felt he would exert too much influence over the school and they did not wish to comply with his audit request.

Greg Dewey was removed from the Board on April 22, 2019. According to Swinton and Wilson, Dewey was removed because the Board felt he was sharing confidential information with Richison. Based on emails received, Dewey was actively questioning school financial activities based on the whistleblower letter addressed to Swinton dated March 4, 2019.

### *Audit Obstacles*

The biggest obstacle to this audit was that Seeworth, as an entity, and Seeworth, as a physical location, were no longer in existence during the audit fieldwork. Physical records were scattered across multiple locations, including OKCPS, the former Seeworth south campus,<sup>11</sup> the former treasurer's home in Talihina, OK, and the post June 30, 2019, accountant's office.

Electronic records were extremely limited and the file server containing all e-mails was inadvertently disposed of. Of the three computers moved to a Seeworth board-members residence one could not be located. The laptop used by Grigg was not located and allegedly remains in her possession.

Inventory records were haphazard, and some were not provided until shortly before the audit was completed. Inventory items were distributed between multiple storage locations, Putnam Heights,<sup>12</sup> and the former Seeworth south campus; by the time fieldwork occurred, some items had already been sold as surplus.

Despite spending approximately 100 hours reviewing and categorizing records, it was impossible to ascertain whether documents were merely missing, had been intentionally<sup>13</sup> destroyed, or if they simply never existed.

Without Seeworth being in existence as an entity in a physical location, it was also difficult to locate and interview employees. There was no contact information available for many employees, a few were never located, and others had moved out-of-state, thereby limiting the interviews to telephone conversations. Grigg, on advice from her attorneys, did not consent to an interview.

*Superintendent Grigg would not consent to an interview.*

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<sup>11</sup> Polk Elementary School, 3806 N Prospect Ave. Oklahoma City, OK 73111

<sup>12</sup> The replacement location for Seeworth.

<sup>13</sup> As claimed by several former employees who were interviewed.



## *Chapter 2*

### *Payroll*

- *Superintendent Janet Grigg's Contracts and Pay*
- *Treasurer and Accountant Pay*

**Superintendent Janet Grigg’s Contracts and Pay**

Grigg’s contract for the time period July 1, 2015 through June 30, 2018, authorized base pay of \$100,000, extra duty pay of \$25,000, and benefits of \$38,000, totaling \$163,000. During the June 6, 2018 Seeworth board meeting, the Board approved a “new three-year contract” covering July 1, 2018, through June 2021, which included a \$5,000 raise. The new contract contained the same base pay and benefits as the previous contract, with \$25,000 in extra duty pay now defined as “counseling.” Although the \$5,000 raise was approved by the Board it was not reflected in the newly signed contract.

Grigg’s contract did not require a set amount of work hours nor was she required to fill out a time sheet. However, based on 14 Seeworth staff interviews, it was purported that Grigg was only physically at work approximately 8-10 hours per week.

***Finding***      ***Between January 1, 2014 and March 4, 2019, Grigg misappropriated \$210,751.08.***

Out of 39 non-regular payroll payments, totaling \$255,751.08, received by Grigg between January 1, 2014 and March 4, 2019, only eight payments were authorized by the Board. These eight payments added up to \$40,000; the remaining 31 payments, totaling \$210,751.08, were misappropriated.

All **official** bonuses were approved by the Board and recorded in the board minutes. Bonuses for staff were approved independently of director bonuses. Minutes for all board meetings occurring between January 2014 and March 2019 were reviewed and reflected that officially, \$40,000 in bonuses had been approved for Grigg during this time period. The remainder of the questionable payments received by Grigg were never approved by the Board.

Prior to January 2014, staff bonus amounts for each employee were approved by the Board. By January 2014, the Board had delegated the authority to determine each individual recipient and their associated bonus amount to Grigg. With this authority, Grigg routinely took a *portion* of the approved staff bonuses as evidenced by this list. Grigg provided this list to the Seeworth accountant to be processed for payment of “staff” stipends in 2017.

NAME	BONUS	COMMENTS
BUFFORD	\$500 ✓	
CHEATHAM	\$200 ✓	
DANCY	\$200 ✓	
EVANS	\$300 ✓	
GRANGER	\$200 ✓	
GRIGG	\$10,000 ✓	
JONES, JEREMY	\$300 ✓	
MEADOWS, E	\$300 ✓	
MEDRANO	\$300 ✓	
MUMME	\$300 ✓	
RODGERS, T	\$300 ✓	
RUSSELL, M	\$400 ✓	
SEXTON	\$200 ✓	

According to all seven board members, Grigg was never approved to receive any portion of the staff bonuses or stipends; director bonuses were always approved separately.

*In one instance, Grigg took 80% of the staff bonus amount for herself.*

There were numerous instances where neither Grigg nor the staff had been approved for a bonus by the Board but Grigg still ordered bonuses to be paid. In violation of the Open Meeting Act,<sup>14</sup> Director bonuses were not included on board agendas before being discussed and approved in the board minutes.

The receipt of unauthorized bonuses by Grigg appears to be a violation of 19 O.S. § 641 which states in relative part:

*If any [...] person charged with the collection, receipt, safekeeping, transfer or disbursement of the public money, or any part thereof, belonging to any [...] school district of the state shall convert to the officer's or person's own use [...] any of such public money, [...] held by such officer or person by virtue of such office or public trust for safekeeping, transfer or disbursement, or in any other way or manner, or for any other purpose; [...] such [...] person shall be guilty of an embezzlement.*

### Payment Processing

Seeworth bonus payments were processed by their accountant, Don Guthrie. Per Guthrie, anytime a bonus or stipend was paid he received a list of names and amounts from Grigg. He took the lists “as gospel” and never personally reviewed or verified that bonuses were approved in board minutes. Guthrie acknowledged that Grigg’s bonuses were disproportionately large and, on one occasion, recalled asking Grigg whether the bonus had been board approved. Grigg said “yes.”

Evidence of Grigg’s abuse of the bonus payment process is particularly evident in two payments made to Grigg in September 2018 and October 2018, for \$7,500 and \$12,500, respectively. No bonus lists or board authorizations were provided to Guthrie for these two payments and no one besides Grigg received any bonus money at the time these payments were made. The sole documentation for the payments consisted of the two e-mails below.

**Don,**

**Please issue a check to me for \$7,500 for stipend, minimum deductions. Leave in envelope in my box. Thanks**

**Janet**

September 2018

**Don,**

**Please generate a check for \$12,500 less minimum deductions for bonus, stipend, whatever????**

**Janet**

October 2018

<sup>14</sup> 25 O.S. § 301 *et. seq.*

***Finding Superintendent Grigg underreported her income to the State Department of Education by an average of over \$49,000 per year.***

The chart below compares Grigg’s actual income to the amount of income reported by Grigg to SDE as required by the School District Transparency Act.<sup>15</sup> Section 5-135.4(C)(9) of the Act requires that the transparency website provide the following:

*The total compensation package of the superintendent as defined by the requirements of the OCAS including a listing of the base salary, insurance, retirement and other fringe benefits including exempted nonadministrative services such as teaching in the classroom or serving as a principal, counselor or library media specialist pursuant to subsection E of Section 18-124 of this title.*

<b>FYE<sup>16</sup></b>	<b>Actual Income<sup>17</sup></b>	<b>Reported To SDE<sup>18</sup></b>	<b>Underreported Income<sup>19</sup></b>
June 30, 2014	\$177,211	\$138,981	\$38,230
June 30, 2015	\$184,589	\$141,695	\$42,894
June 30, 2016	\$195,129	\$135,386	\$59,743
June 30, 2017	\$199,606	\$134,908	\$64,698
June 30, 2018	\$201,294	\$159,841	\$41,453
<b>Totals</b>	<b>\$957,829</b>	<b>\$710,811</b>	<b>\$247,018</b>

Grigg’s income was underreported to SDE by an average of over \$49,000 per year. As a result, her actual income was never reported publicly as required by law.

***Finding Grigg’s W-2 income exceeded her authorized contract pay by an average of over \$33,000 per year.***

Grigg’s authorized pay, plus benefits, totaled \$163,000. Her actual income, as reported on her W-2, exceeded her board-authorized pay by over \$33,000.

<b>Calendar Year</b>	<b>Contract Pay<sup>20</sup></b>	<b>W-2 Income<sup>21</sup></b>	<b>Income in Excess of Contract</b>
2014	\$163,000	\$176,211	\$13,211
2015	\$163,000	\$190,719	\$27,719
2016	\$163,000	\$194,629	\$31,629
2017	\$163,000	\$212,267	\$49,267
2018	\$163,000	\$206,794	\$43,794
<b>Totals</b>	<b>\$815,000</b>	<b>\$980,620</b>	<b>\$165,620</b>

<sup>15</sup> 70 O.S. § 5-135.4

<sup>16</sup> Fiscal Year Ending.

<sup>17</sup> Per the Employee Fiscal Year Earnings Reports.

<sup>18</sup> Per the Annual Certified Personnel Report.

<sup>19</sup> Actual income minus income reported to SDE.

<sup>20</sup> Includes non-taxable benefits.

<sup>21</sup> W-2 income differs from actual income because W-2 income is based on a calendar year and actual is based on a fiscal year.

**Accountant and Treasurer Pay**

According to their employment offers, Don Guthrie served as the “accountant” for Seeworth, and JoAnn Guthrie served as the “treasurer.” Both were paid as Seeworth employees receiving a salary of \$1,000 per month, health insurance benefits of approximately \$7,200 per person per year, plus bonuses ranging from \$175 to \$4,800 per year. In order to receive health insurance benefits, the Guthrie’s were required to work a minimum of 20 hours per week as employees of the school.

Additionally, the Guthrie’s were the sole owners of Syntec Systems Inc. Seeworth had a *contract* with Syntec for \$3,025 per month. The Syntec costs were broken down into three components: \$425 for software lease, \$1,100 for accounting services, and \$1,500 for administrative duties.

1.00 Accounting Services	1,100.00
1.00 Software Lease	425.00
1.00 Administrative Duties	1,500.00

The \$1,100 paid Syntec for “Accounting Services” were payments for additional accounting services provided by Don Guthrie. The \$1,500 paid Syntec for “Administrative Duties” were additional payments to JoAnn Guthrie for non-treasurer related duties. Between their salaries, benefits, bonuses, and payments to their corporation, the Guthrie’s received approximately \$74,000 per year for their combined services.

Based on several interviews, and according to their own testimony, the Guthrie’s were only present at Seeworth an average of one day per week. There was no method for ascertaining whether the Guthrie’s worked sufficient hours at home to reach the minimum 20 hours per week required to qualify for benefits.



## *Chapter 3*

### *Expenditures*

- *Corporate Account*
- *General Fund*

**Corporate Account - Overview**

The Corporate Bank Account was a checking account originally established by Grigg in 2007 as the Justice Alma Wilson Seeworth Academy Inc. “Building Account.” The account was established using the school’s taxpayer ID with Grigg and two board members as authorized signers. At some point between the establishment of the account and February 2012<sup>22</sup> the account was renamed the “Corporate Account.”

JUSTICE ALMA WILSON SEEWORTH ACADEMY  
CORPORATE ACCOUNT  
12600 N KELLEY AVE  
OKLAHOMA CITY OK 73131-1869

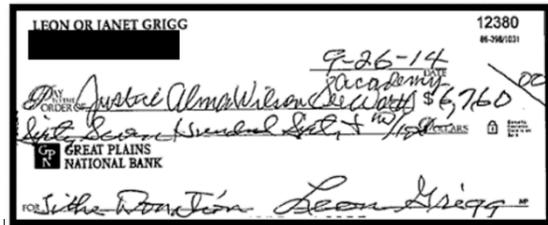
In December 2017 the signers of the account were amended with Grigg remaining the only authorized signer. The account was renamed again in April 2019 as the “Donation Account.” On June 21, 2019, after Grigg’s dismissal, the signers of the account were amended and consisted of board members Swinton and Wilson, and acting superintendent Sherry Kishore.

Between January 2014 and September 2019, expenditures totaling over \$170,000 and deposits of over \$150,000 were processed through the Corporate Account. The account was closed when the remaining funds, totaling \$1,861.98, were transferred to OKCPS via cashier’s check on September 17, 2019.

**Funding**

The Corporate Account was primarily funded by donations, student-related income,<sup>23</sup> and reimbursements received from the General Fund. It was represented that the account was originally seeded with a \$50,000 donation from Janet Grigg and her spouse. This could not be verified because bank records were not available for this account prior to 2012. There were over \$70,000 in donations deposited during the audit period, including over \$55,000 in “tithe donations” from “Leon or Janet Grigg.”

Between 2014 and 2019, over \$63,000 in reimbursements from the General Fund, and almost \$8,000 in cash collections were deposited into this account. Reimbursement checks from the General Fund appeared to be for items that should have been paid directly out of the General Fund. This included insurance payments, staff extra-duty pay, as well as reimbursements paid to Grigg for alleged payments of cash stipends or awards paid to staff.



<sup>22</sup> The earliest date bank statements were available for this audit.

<sup>23</sup> Athletic gate and concession sales, student clothing sales, or other student-related income.

**Finding** *All Corporate Account funds should have been used solely for the operation of the school. The account was established without board approval, and even though the Board was aware of the account, they elected not to provide oversight.*

Funds received and deposited into the Corporate Account were public funds. These monies should have been deposited into a school-controlled bank account, monitored by the Board, and recorded in the financial records of the school.

Donations received by a public school are public money. School districts may accept any donation of money for use by the school. According to 70 O.S. § 5-117(23), the board of education of each school district shall have power to:

*Solicit and accept any gift, grant, or donation of money or property for the use of the school district. Any gift, grant, or donation of money may be deposited in the general fund or building fund of the school district;*

An Activity Fund should have been established to account for all student-related income. Per 70 O.S. § 5-129(A), control over all revenues received or collected from student, extracurricular, or revenue-generating sources lies with the Board. The statute states in relevant part:

*The board of education of each school district shall exercise control over all funds and revenues on hand or hereafter received or collected, as herein provided, from student or other extracurricular activities or other revenue-generating sources[...]that are conducted in the school district.*

All funds collected, regardless of the source, should have been utilized solely for a public purpose. According to the Seeworth Charter Contract, Section 12(h):

h. All public funds received by School pursuant to this contract shall be used solely for the operation of the School.

**Finding** *The Board failed to ensure that all school funds were audited. The Corporate Account was not included in Seeworth’s annual financial audits.*

The Corporate Account should have been included in the school’s financial reporting, should have been overseen by the school board, and should have been part of the school’s annual financial statement audit.

Title 70 O.S. § 22-103 requires each school board to obtain annual audits of **all** funds. The statute states in relevant part:

*The board of education of each school district in this state shall provide for and cause to be made an annual audit of such school district for each fiscal year. Said audit shall be a financial audit and a compliance audit **of all funds** [emphasis added]of the school district.*

The Board, the public auditor, and Seeworth’s treasurer and accountant all failed to recognize or acknowledge that the Corporate Account consisted of public funds requiring the same level of oversight as the General Fund. Although checks totaling thousands of dollars were written from the General Fund to the Corporate Account, all requiring supporting documentation for the expenditures incurred, the Corporate Account was never designated as an official Seeworth account requiring review by their public auditor.

*The Board allowed an unaudited bank account containing school funds to exist.*

Seeworth’s public auditor was made aware of the Corporate Account in February 2018 via an anonymous complaint forwarded from SA&I. Per the auditor, he received the complaint, discussed the account with Grigg, and reviewed a few months of Corporate Account bank statements provided by Grigg. The auditor stated that deposits in the Corporate Account came from Grigg’s personal account and that he “was not asked to audit the account and did not do so.” Even though the complaint directly accused Grigg of having “an extra account on the side,” the public auditor did not discuss the complaint with the Board.

### Expenditures

Corporate Account expenditures consisted of checks, debit card transactions, ATM withdrawals, and bank cash withdrawals made by Grigg. Although the Corporate Account was used for some school-related purchases, the majority of the debit card transactions, ATM withdrawals and cash withdrawals from the account consisted of Grigg’s personal transactions.

***Finding*** ***Grigg misappropriated \$41,473.82 from the Corporate Account through improper ATM withdrawals, improper debit card purchases, and by writing improper checks to herself or to cash.***

### Checks

Between January 2014 and January 2019, Grigg wrote 11 checks to herself or to cash totaling **\$15,320.00**. The memo line of the checks stated they were reimbursements for incentives, stipends, gifts, reimbursements, or included no explanation at all.

Of thirteen staff members interviewed regarding the possible receipt of cash incentive or stipend payments from Grigg, none had ever received a cash payment. These staff member stated they were always paid in the form of a check. Many of the interviewees specifically stated that any payments they received came from the General Fund. Two interviewees stated they had seen Grigg hand out cash at an awards ceremony. One believed this occurred once on the last day of school and the amount of each award might have been \$100, no support for any cash payments to staff or students was located in the school’s records.

ATM Withdrawals

Funds were misappropriated from the Corporate Account via ATM cash withdrawals, totaling **\$4,508.30**. Of that amount, \$2,265.35 was withdrawn at a local casino. The remaining \$2,242.95 was withdrawn at locations across the Oklahoma City metro area, some on the same dates as the casino withdrawals.

5/14	500.00	ATM WITHDRAWAL ON-US TRANSFUND OKLAHOMA CITY OK
5/14	243.95	ATM WITHDRAWAL 457 HWY 62 SERVICE ROA NEWCASTLE OK
5/14	503.95	ATM WITHDRAWAL 457 HWY 62 SERVICE ROA NEWCASTLE OK

Debit Card Online Retail Shopping Purchases

Purchasing records from QVC<sup>24</sup>, HSN<sup>25</sup>, and Evine<sup>26</sup> were obtained and analyzed. Although there was no definitive method of ascertaining whether each item purchased was for a school or personal purpose, any items that could be considered as suitable for a school purpose were classified as acceptable transactions. The remaining purchases, which included personal use items such as women’s clothing and shoes, cosmetics, jewelry, home décor products, and an Apple Watch were deemed personal. The total of these transactions was considered fraudulent.

Grigg also used the Corporate Account debit card to purchase Christmas presents<sup>27</sup> for staff and board members. A portion of this purchase was reimbursed out of the General Fund<sup>28</sup> but was not deposited back into the Corporate Account.

Fraudulent purchases resulting from online personal debit card purchases totaled **\$9,953.28**, \$1,303.85 from Evine, \$4,668.11 from HSN, and \$3,981.32 from QVC. All online debit card purchases reviewed were delivered to Grigg’s home address.

Other Debit Card Transactions

Additional misappropriated funds from other debit card purchases totaled **\$11,692.24**. These purchases included over \$5,700 in PIN POS<sup>29</sup> purchases at OnCue between April 19, 2017 and May 17, 2017. An example of these transactions is shown here. Due to the amount of time that had lapsed, details regarding these transactions could no longer be provided by the vendor and no supporting evidence was located in school records.

4/27	125.00	PIN POS PURCHASE ONCUE 0104 OKLAHOMA CITY OK
4/27	150.00	PIN POS PURCHASE ONCUE 0112 OKLAHOMA CITY OK
4/28	125.00	PIN POS PURCHASE ONCUE 0104 OKLAHOMA CITY OK
4/28	125.00	PIN POS PURCHASE ONCUE 0104 OKLAHOMA CITY OK
4/28	150.00	PIN POS PURCHASE ONCUE 0104 OKLAHOMA CITY OK
4/28	150.00	PIN POS PURCHASE ONCUE 0104 OKLAHOMA CITY OK
4/28	150.00	PIN POS PURCHASE ONCUE 0104 OKLAHOMA CITY OK

<sup>24</sup> Quality Value Convenience a home shopping network.

<sup>25</sup> The Home Shopping Network.

<sup>26</sup> An on-line retailer.

<sup>27</sup> Amazon Fire Tablets.

<sup>28</sup> Christmas presents would also not be a suitable expenditure from the General Fund.

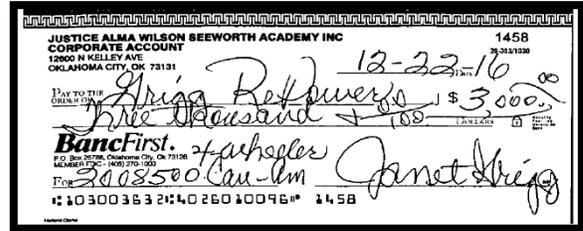
<sup>29</sup> Point of Sale transaction utilizing a PIN number.

Other debit card transactions included hundreds of dollars of charges or cash withdrawals at Dillard’s, Chico’s, Shoe Gallery, PayPal, Priceline, 7-11, and various other convenience stores.

Sale of ATV

**Finding** *Grigg was paid \$3,000 from the Corporate Account for the sale of an ATV. The funds were deposited into Grigg’s personal bank account.*

Corporate Account Check #1458, for \$3,000 was written to Grigg RePower on December 22, 2016, for the purchase of a 2008 Can-Am 4-Wheeler 500. This check was deposited into an account bearing the name of “Leon or Janet Grigg.”



According to interviews there was an ATV used by security at the Seeworth north<sup>30</sup> location. There was no way of ascertaining if Grigg sold the ATV to Seeworth or whether the amount paid equated to the actual value of the vehicle. OKCPS sold a “4 Wheeler” from Seeworth’s inventory at auction in October 2020 for \$1,250.

Staff Payments from Corporate Account

Corporate Account checks were written directly to staff for bonuses, stipends, and extra-duty pay; these wages were not paid under contract and were not reported on employee W-2’s.

**Finding** *Corporate Account checks written to staff members for school related duties, totaling \$8,600, were not reported to the IRS on their W-2’s.*

An analysis of 24 staff payments made from the Corporate Account reflected that none of the payments were included on Seeworth’s Employee Fiscal Year Earnings Reports. As a result, these payments were not reported to the IRS as income on the employee W-2’s. In addition to the payments analyzed, there were numerous other payments made to employees out of the Corporate Account. Based on statements made by the treasurer and accountant, payments made to any employee out of the Corporate Account, unless reimbursed through the General Fund, were not reported to the IRS.

*Employees were paid “under the table” out of the Corporate Account.*

<sup>30</sup>12600 N Kelley Ave, Oklahoma City, OK 73131

**General Fund Expenditures**

Due to the limited availability of General Fund expenditure documentation, the assessment of expenditures consisted of a review of payments identified from bank account statements and a limited analysis of non-payroll payments.

**Amazon Fire Tablet (Kindle) Purchases**

***Finding Two checks totaling \$3,167 were paid to Grigg out of the General Fund as reimbursements for the purchase of Christmas presents for board members and school staff. These two payments constituted improper expenditures from the General Fund and were paid without receiving any documentation verifying the actual cost of the items purchased.***

A Payment Order (PO) was located for \$2,366 for “Bus Passes.” Someone had handwritten “Kindles” and “1<sup>st</sup> payment” on the PO. A second PO for \$801.10 for “Admin” also had “Kindles” and “2<sup>nd</sup> payment” annotated by hand. Attached to these PO’s were documents from QVC for 18 Amazon 7” Fire Tablets. These documents did not contain data regarding actual cost (price, shipping, or tax). According to QVC records, these tablets were all delivered to Grigg’s residence.

1	1.00 Bus Passes	<i>KINDLES</i>	2,366.00
1	1.00 Admin	<i>KINDLES</i>	801.10

Handwritten notes on two of these documents indicated that the total purchase price came to \$3,167.10. Two checks from the General Fund were made out directly to Grigg in the amounts of \$2,366.00 & \$801.10. According to QVC records, some of these items were purchased with the Corporate Account debit card and some with Grigg’s personal credit card. Per the Seeworth accountant and treasurer, these payments were reimbursed to Grigg without her providing any actual invoices.

Staff and board members verified that Grigg gave these items out as Christmas gifts. Two board members stated they assumed that Grigg had paid for the items using personal funds. A third board member questioned Grigg regarding gifts to the Board, but she assured them that these gifts were from her and were not purchased with school funds.

***Finding Over an eight-year and four-month period, Seeworth often failed to pay Walmart credit card statements in a timely manner, nor did they always pay the entire amount due. As a result, the school incurred \$493 in late fees and \$1,132 in interest payments.***

The Walmart business card appeared to have been used for school appropriate purchases. There were a few purchases that were questionable, but it was not possible to ascertain whether these purchases were inappropriate due to the lack of available documentation.

It was noted that approximately twice per year Seeworth failed to pay their credit card bill in a timely manner incurring a \$29.00 late fee for each instance. Seeworth also failed to pay the entire balance due on a number of occasions, resulting in interest fees at an annual rate of 15.55%. Over an eight-year and four-month period, Seeworth incurred late fees of \$493 and interest charges totaling \$1,132,18.



# *Chapter 4*

## *Cash Collections*

### Cash Collection Procedures

Seeworth generated cash from several sources including athletic event gate and concessions, cafeteria sales, clothing sales, and graduation cap and gown sales. It was represented that cash was temporarily stored at the Seeworth north campus inside a locked office, with all cash eventually taken to the Seeworth south campus and allegedly stored in a safe with Seeworth south cash until deposited. Checks and credit cards were not accepted for payment at Seeworth; all transactions were by cash or money order.<sup>31</sup>

*Per the staff interviewed, Grigg made all cash deposits.*

Basketball revenue was deposited into the Corporate Account, clothing and cafeteria sales were typically deposited into the General Fund, and cap and gown sales were deposited in both the General Fund and the Corporate Account.

No receipts were used for concession sales and no ticket stubs or other methodology was in place for gate admissions at basketball games. Per a Seeworth employee, cash was to be placed in a locked office at Seeworth north and subsequently picked up by, or provided to, Grigg for deposit.

Collections from non-athletic sales were documented on pre-numbered multi-part receipts with one part attached to a money sheet that was reconciled against the cash collected and turned in with the cash. The sheet was then signed by two or three individuals attesting to the reconciliation. After the cash was deposited, the bank deposit slip was attached to the money sheet and the receipts.

### Misappropriated Cash Receipts and Untimely Deposits

***Finding*** *At least \$3,826 in cafeteria and clothing sale cash receipts was misappropriated.*

All **available** receipts and money sheets were analyzed to determine if associated cash receipts were deposited. Between August 24, 2018 and December 10, 2018, ten money sheets documenting cash received from cafeteria and clothing sales, totaling \$4,006, were located. During the same time period, only \$390 in cash was deposited into the General Fund and no cash deposits were made into the Corporate Account, leaving a minimum of **\$3,616** in cash receipts misappropriated.

A copy of twelve receipts for clothing sales totaling \$210 was located. The first receipt was dated January 17 and the last January 28. A deposit for \$99 was made on January 16 and the next deposit did not occur until April 5. There were no deposits during this time frame to account for the **\$210** in cash receipts. As a result, the \$210 was misappropriated.

No cash deposits were made into the Corporate account in 2019.

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<sup>31</sup> Money orders were used in very few instances and processed like cash.

**Finding** *No basketball revenue was deposited during 2015 and 2018.*

Seeworth employees worked concessions and gate for basketball games and associated basketball revenues were only deposited into the Corporate Account. As per concession/gate workers, they collected approximately \$300-\$400 per game in concession revenue and \$100 in gate revenue.

Based on a review of basketball game schedules and the dates on checks paid to staff for working basketball games, it was determined that games were held at Seeworth every year during the basketball season. There were no basketball related deposits made at all during 2015 and 2018. Additionally, there were no cash deposits made within four weeks of checks being written to staff for working games during 2014 and 2016. Due to the complete lack of data regarding ticket and concession revenues, we are unable to ascertain how much collected cash was not deposited.

*Seeworth maintained no records of cash collected or deposited from ballgames.*

**Finding** *Cash receipts were not properly receipted and accounted for and deposits, when made, did not occur in a timely manner as required by statute.*

Cash deposits were sporadic and dropped from an average of once per week in 2015, to three times per month in 2016, to once per month in 2017, to once every other month in 2018.

Cash collected for cap & gown sales was not processed consistently. Sometimes the cash collected was deposited into the Corporate Account and sometimes the General Fund. Due to the incomplete records, we were unable to ascertain how much of the collected cash was not deposited.

All cash receipts should have been receipted and deposited in a timely manner. Deposits should be made daily, or no later than the next banking day.

Title 62 O.S. § 517.3(B) requires all funds to be deposited timely.

*The treasurer of every public entity<sup>32</sup> shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind [...]*

In the case of activity funds, deposits may accumulate up to \$100 but all funds must be deposited weekly. Title 70 O.S. § 5-129(A), which defines controls for school activity funds, states in relevant part:

*Deposits [...] shall be made by the end of the next business day; however, if the deposit for a day totals less than One Hundred Dollars (\$100.00), a*

<sup>32</sup> Per statute “public entity” includes a board of education of a public school.

*school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds One Hundred Dollars (\$100.00). Provided, a school district shall deposit accumulated monies into the fund not less than one (1) time per week, regardless of whether the monies total One Hundred Dollars (\$100.00).*

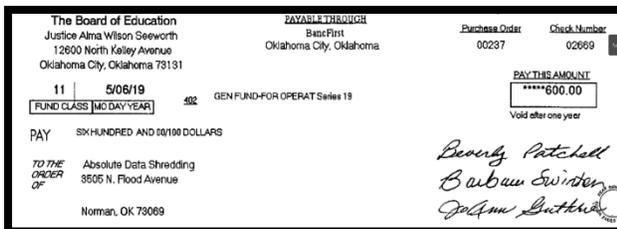
Seeworth did not maintain an activity fund, instead all receipts that should have been deposited into an activity fund were deposited into the Corporate Account and spent outside the purview of the Board.

Availability of Cash Receipt Records

**Finding**      **Cash receipts were allegedly destroyed in violation of law.**

Cash receipt records were extremely limited. According to one Seeworth principal, Grigg asked him to shred receipt books but he declined. In response, Grigg allegedly rented a commercial shredder and had documents destroyed. This principal represented that he delivered receipt books from 2016 forward, in a leather case, to Griggs’ office at Seeworth north during the 2019 school year. Neither the case nor the records were ever located. Some scattered cash receipt records were found and only one two-part receipt book was located.

This allegation is supported by a check for \$600 payable to Absolute Data Shredding, a business that provides mobile shredding trucks. This payment was made shortly after the allegations of improper cash handling were received by the Board.



Title 51 O.S. § 24A.4 requires that records documenting the receipt of funds be maintained. The statute states:

*In addition to other records which are kept or maintained, every public body and public official has a specific duty to keep and maintain complete records of the receipt and expenditure of any public funds [emphasis added] reflecting all financial and business transactions relating thereto, except that such records may be disposed of as provided by law.*

**Summary**

The failure to accurately account for cash collections can be attributed to the lack of effective internal controls along with the failure to comply with the administrative organizational structure depicted in the Seeworth “Charter Application.” Seeworth did not fill positions such as Assistant Director, Financial

Consultant, Supervisor of Accounting and Director of Student Affairs. As a result, Grigg, had complete authority. She was effectively the superintendent, the chief financial officer, and human resources rolled into one.

As a result, there was no separation of duties in the cash receipting process, leaving no accountability or oversight in the receipting, depositing, or reconciliation of cash. Additionally, the Corporate Account, where all basketball related cash receipts and some cap & gown cash receipts were deposited, was never audited.



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# *Chapter 5*

## *Inventory*

**Inventory**

A comprehensive review of available Seeworth records failed to turn up a set of complete or suitable inventory records. On June 3, 2021, 18 months into the audit, partial inventory records were provided by a former Seeworth employee. Since no complete, official inventory records were available, only inventory items identified from these partial records and other sources such as automobile titles, purchase orders, cancelled checks, or invoices, were evaluated.

**Missing Inventory Items**

***Finding***

***After Grigg was terminated, on June 20, 2019, she continued to drive a Seeworth owned GMC Yukon for personal use for ten months until it was repossessed by OKCPS. The vehicle was tagged with a school license plate during the ten months of personal use and was valued at approximately \$4,800 at the time it was repossessed.***

Grigg’s contracts beginning July 1, 2015, through her termination on June 20, 2019, reflected no vehicle allowance or vehicle related perquisites.

On March 4, 2008, Seeworth purchased a 2007 GMC Yukon for \$47,450. According to Oklahoma Tax Commission records, on February 13, 2020, the owner of the vehicle was still listed as “Seeworth Academy.” The vehicle was not turned over to OKCPS with all other assets as required by statute<sup>33</sup> and as directed by a court order issued on September 4, 2019, which stated in part:

*No later than noon on Friday, September 13, 2019, Defendant's Board shall meet, discuss, and vote to transfer all property and funds to Plaintiff.*

On February 20, 2020, the 2007 GMC Yukon was located at the Grigg residence. The vehicle was still tagged with a school license plate and as per Seeworth insurance records had been insured by Seeworth through October 8, 2019, over three months after Seeworth closed and over five months after Grigg took the vehicle home.

On April 21, 2020, OKCPS filed in District Court to have the title transferred from Seeworth to OKCPS. On April 29, 2020, the Yukon was repossessed from Grigg’s residence.

<b>AUTHORITY TO REPOSSESS CLIENT INFORMATION</b>	
NAME: Oklahoma City Public Schools	LEGAL OWNER / LIENHOLDER : Oklahoma City Public Schools
ADDRESS: 2724 Miramar Blvd	ACCT#
CITY: OKC	<b>COLLATERAL INFORMATION</b>
STATE: OK	VIN: 1GKFK66807J388277      COLOR: Gray/Silver
ZIP: 73111	YEAR: 2007      TAG: 442322      EXP: N/A      ST: OK
PHONE: 405.528.2800	MAKE: GMC
	MODEL: Yukon Denali

<sup>33</sup> 70 O.S. § 3-136(F)

***Finding Seven television sets listed on a Seeworth inventory list were unaccounted for.***

An e-mail dated August 7, 2019, contained an inventory list for Seeworth north which consisted of 11 television sets, including one with a 70-inch screen. Four of the televisions were transferred to Putnam Heights Academy.<sup>34</sup> At least seven flat-panel televisions were never received by OKCPS and are unaccounted for.

***Finding Refrigerators and freezers obtained with Seeworth funds, valued at approximately \$10,000 or more, were not transferred to OKCPS as required.***

A second Seeworth north inventory list contained seven refrigerators and five freezers. The inventory list stated that two freezers and a refrigerator were purchased in 2018 and one refrigerator was purchased in 2019. A review of purchasing records confirmed that these items were in fact purchased by Seeworth out of the General Fund.

When all items previously owned by Seeworth were transferred to OKCPS, none of these 12 refrigerators and freezers were included in the transfer. Per an OKCPS representative, the movers involved in the final transfer of assets from Seeworth to OKCPS were informed that these items were not Seeworth property.

It appears that commercial grade refrigerators and freezers, with a value estimated at \$10,000 or more, were not turned over to OKCPS as required by statute and court order.

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<sup>34</sup> OKCPS' replacement site for Seeworth.



# *Chapter 6*

## *Post June 30, 2019 Activity*

### History

On May 2, 2019, Grigg and Seeworth received notification, that based on SDE’s review, the school had demonstrated “gross neglect and non-compliance with both state and federal laws and regulations.” The letter also stated:

*[...] the School, via its administration, has failed to properly account for taxpayer funds, failed to properly maintain accounting records relating thereto, as well as failed to provide services to students with disabilities in accordance with the Individuals with Disabilities Education Act.*

A litany of financial and compliance issues was defined and SDE demanded that Seeworth turn over a list of records by May 6, 2019. This request was incorporated with the following caveat:

*Failure to provide the requested information by the requested date **may result in a determination of non-compliance, loss of accreditation, and the withholding of state and federal funds** [emphasis added]. In addition, the OSDE has reason to believe that the School may intend to destroy documentation. As such, please be advised that any action and conduct to alter or destroy a record may be a violation of law and/or deemed to interfere with the OSDE's obligations and authority to review these matters.*

Seeworth failed to comply and rather than face the ramifications stated in the SDE letter, on May 31, 2019, the Board voted unanimously to voluntarily relinquish Seeworth’s Charter and terminate their contract with OKCPS effective June 30, 2019.

**Relinquishment of Charter: Barbara Swinton made the motion and John Mayfield seconded that the Board relinquish its charter and terminate its contract with the Oklahoma City School District effective June 30, 2019, pursuant to Oklahoma Statutes Title 70 Section 3-137. All members, aye.**

In response, OKCPS engaged with the Oklahoma Public School Resource Center to provide a “closing officer” to aid in the process of closing Seeworth. The closing officer attended board meetings and provided specific instructions to the Board. At the June 14, 2019 board meeting, the closing officer presented a closure packet to the Board which contained a closing checklist as well as the following reminder:

*Encumbrances, payments, or financial actions that are taken outside the scope of paying necessary expenses are punishable both legally and financially* [emphasis added]. Any expenditures over the amount of the allocation on Schedule Y of the Estimate of Needs are neither legal nor authorized.

Despite the direction from the closing officer and the requirement to turn over assets to OKCPS, the Board continued to hold board meetings in order to pursue all available options to maintain possession of Seeworth’s assets and keep Seeworth open or start a new school.

As per Oklahoma County Clerk records, four board meetings were held after June 30, 2019. The minutes available were not official, but it appeared a quorum existed at all four meetings that always consisted of board members Floyd, Kelly, Swinton, and Wilson.

Initially, these four board members pursued the continuance of Seeworth operations under the sponsorship of OKCPS as an Enterprise School. On July 11, 2019, in an exchange of emails discussing a proposed “Memorandum of Understanding,” OKCPS legal counsel made it clear to Seeworth legal counsel that the plan for a new Enterprise School under OKCPS oversight would not be entertained.

*Instead of closing the school as required by law, the Board sought ways to keep Seeworth open.*

*No, the MOU will not be on the agenda for Monday. Please help me understand where you got that impression. OKCPS is now in the closure process as a result of the Seeworth charter being terminated effective June 30, 2019.*

In spite of this directive, the remaining board members continued to expend Seeworth resources in their pursuit of keeping Seeworth open. This pursuit was outside the purview of the public. With the exception of the final meeting on September 16, 2019, post June 30 board meeting minutes never contained decisions or votes regarding ongoing expenditures.

When it became apparent that Seeworth assets would not be turned over willingly and that Seeworth’s public funds continued to be expended improperly, OKCPS began legal proceedings.

### **Legal Proceedings**

On August 29, 2019, almost two months after Seeworth ceased to exist as a charter school, OKCPS, as the Plaintiff, filed a motion in Oklahoma County District Court requesting a temporary restraining order requiring the Defendant, Seeworth, to:

*[...] freeze the funds held by Defendant in the bank accounts [...] and/or[...] cease all expenditures from the bank accounts [emphasis added] [...] provide Plaintiff with access to Defendant’s facilities in order for Plaintiff to collect and remove all equipment, including but not limited to, busses and keys to busses, furniture, and records which now belong to Plaintiff.*

The motion also addressed that Seeworth board members refused to undertake the necessary steps to close the school, including the encumbrance of adequate funds to close out all operations.

On September 4, 2019, an *Agreed Order* was filed in the motion that stated in part:

*As of June 30, 2019, Academy ceased to exist [emphasis added]. No later than noon on Friday, September 13, 2019, Defendant's Board shall meet, discuss, and vote to transfer all property and funds to Plaintiff.*

***Finding*** ***Upon termination of Seeworth’s charter, effective June 30, 2019, the Board did not relinquish real and personal property, including bank accounts, to OKCPS as required by statute and their charter.***

Two months after Seeworth ceased to exist as a public charter school, a court order was required to force Seeworth to turn over assets to OKCPS. According to statute, the Board should have relinquished all real and personal property, including all unencumbered funds, to OKCPS upon termination of their charter, which occurred on June 30, 2019.

Seeworth did not turn over assets, did not properly encumber funds required to close the school, nor did they cease spending money out of the school’s General Fund bank account until ordered to do so by the court.

Statute specifically defines how charter school assets are to be disposed when a charter school ceases to exist. As per 70 O.S. § 3-136(F):

*The charter of a charter school shall include a provision specifying the method or methods to be employed for disposing of real and personal property acquired by the charter school upon expiration or termination of the charter or failure of the charter school to continue operations. Except as otherwise provided, any real or personal property purchased with state or local funds shall be retained by the sponsoring school district [emphasis added].*

Seeworth’s original charter application also required that any property purchased with state or local funds be retained by the charter sponsor, OKCPS, in accordance with statute.<sup>35</sup>

#### **Authority to Spend Funds**

***Finding*** ***Seeworth ceased to exist as of June 30, 2019. All expenses incurred by the Board post June 30, 2019, were outside of the Board’s authority and in violation of statute.***

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<sup>35</sup> 70 O.S. § 3-130 *et. seq.*

Seeworth no longer existed as a publicly funded entity as of June 30, 2019. Any Seeworth funds not encumbered on June 30 became OKCPS' funds as of that date. These unencumbered funds should have been transferred to OKCPS.

*Seeworth funds were expended without legal authority.*

As per 70 O.S. § 5-187:

*All unencumbered balances, if any, as shown by the officer charged with keeping the appropriation and expenditure records of the school district on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30. [...] This section shall not permit the incurring of new indebtedness chargeable to the appropriation account of the immediately preceding fiscal year [emphasis added].*

Administrative Rule 210:25-5-2 further clarifies end of the year encumbrances as follows:

*At the close of the fiscal year, appropriations will be reserved for any contracts pending for outstanding encumbrances (contracted for but not completed and/or paid for) [...] The remaining fund balance will be carried forward into the new fiscal year's budget as lapsed appropriations.*

No estimate of needs was prepared, and no funds were appropriated to Seeworth for the fiscal year ending June 30, 2020. As a result, all expenditures incurred in FY2020 were neither legal nor authorized transactions.

According to 70 O.S. § 5-157(A), no expenditures may be authorized which exceed approved appropriations. The statute states:

- A. *No expenditure may be authorized or made by any officer or employee of a school district which exceeds the appropriation for any fund of the budget as adopted or amended.*

Section C of the same statute further states:

- C. *Any obligation that is contracted or authorized by any officer or employee in violation of this act shall become the obligation of the officer or employee himself and shall not be valid or enforceable against the school district. Any officer or employee who violates this act shall forfeit his office or position and shall be subject to such civil and criminal punishments as are provided by law. Any obligation, authorization for expenditure or expenditure made in violation of this act shall be illegal and void.*

**Expenditure Analysis**

***Finding*** ***Improper expenditures totaling \$135,713.98 were made after June 30, 2019, the date that Seeworth’s charter was officially relinquished.***

Excluding the final check<sup>36</sup> sent to OKCPS on September 17, 2019, 114 expenditures, totaling \$193,905.51, were paid out of the General Fund after June 30, 2019. Of these 114 expenditures, 96 expenditures totaling **\$135,713.98** were for services incurred or items purchased after June 30, 2019, and deemed inappropriate expenditures. Statute defines that school funds may only be used for their defined purpose. These funds were apportioned for the use of Seeworth which ceased to exist on June 30, 2019. Title 70 O.S. § 18-118 states:

Expenditure Category	Amount
Payroll & Benefits	\$81,704.41
Legal Services	\$44,753.99
Operations	\$9,255.58
Total	\$135,713.98

*School districts and officers and employees thereof who divert any monies received by a district from the purpose for which the monies were apportioned to the district [emphasis added] shall be jointly and severally liable for any such diversion.*

Title 62 O.S. § 372 also addresses improper payments made by a school stating in part:

*Every officer of the state and of any [...] school district, who shall hereafter order or direct the payment of any money [...] belonging to the [...] school district, in settlement of any claim or in pursuance of any unauthorized, unlawful or fraudulent contract or agreement made, for the [...] school district, by any officer thereof, known to such officer to be fraudulent or void, and every person, having notice of the 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 [...] school district affected, 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 [...] school district, or of any resident taxpayer thereof, pursuant to Section 373 of this title; provided, however, no action for personal liability shall lie against any such officer for a transaction approved in good-faith reliance on advice of legal counsel for the public entity authorizing the transaction or which has been submitted to a court of competent jurisdiction for determination of legality.*

The 96 improper expenditures were paid via checks, direct transfers, and cashier checks. Seeworth had no treasurer during this time period and all but 14 of the checks were issued with only the signature of Kishore, the acting superintendent. The other 14 checks were signed by Kishore and Wilson and were never officially approved by the Board.

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<sup>36</sup> The final check to OKCPS, representing the closing bank balance of the General Fund, was \$391,869.30.

Title 70 O.S. § 5-115(F) requires all warrants, or checks, be properly signed.

*Except as otherwise provided by law, no treasurer of any district shall pay out school district funds in the care of the treasurer except upon warrants signed by the proper school district officials [emphasis added] authorized by the law to sign such warrants.*

Title 70 O.S. § 5-135(G) further defines the signing of checks, stating:

*The president and clerk of the board of education shall each sign the warrant or check [...]*

Additionally, if the expenditures incurred during the FYE June 30, 2020 were legitimate, they should have been reported to SDE no later than September 30, 2020. None of the improper expenditures made post June 30, 2020, were accounted for in any financial reports or audits, nor were they reported to SDE as required by 70 O.S. § 3-136(18) which states in part:

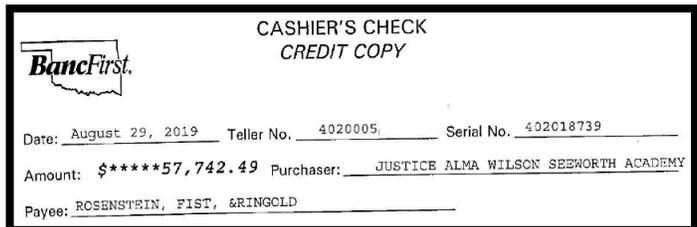
*No later than September 1 each year, the governing board of each charter school formed pursuant to the Oklahoma Charter Schools Act shall prepare a statement of actual income and expenditures for the charter school for the fiscal year that ended on the preceding June 30 [...]*

**Expenditure Category Breakdown**

Payroll & Benefits - The \$81,704.41 in payroll and benefit payments were costs associated with the employment of 15 individuals, 14 of which were Seeworth employees retained from the 2018-2019 school year. Costs included payment of employee benefits and related payroll tax payments. There were no contracts for employees paid in FY2020.

Operations - The \$9,255.58 in payments were for utilities and facility related operations required to keep the buildings at Seeworth functional (OG&E, ONG, water) and other payments to keep the facilities safe (security system and insurance). A payment for \$1,036 was paid for professional liability insurance covering the period August 14, 2019 through August 13, 2020, a time period during which Seeworth no longer legally existed. All payments were for services incurred post June 30.

Legal Services – The \$44,753.99 in payments to Rosenstein, Fist & Ringold (RF&R) were for legal services. On August 29, 2019, RF&R received a cashier’s check for \$57,742.49 purchased with cash withdrawn from the Seeworth General Fund bank account. At the time the cashier’s check was issued, only one invoice,



totaling \$12,988.50, had been incurred for services performed prior to June 30, 2019. The remainder, totaling \$44,753.99, was used by RF&R for services incurred and billed post June 30.

It should be noted that some legal expenses included in the \$44,753.99 considered improper could have been incurred for pre-June 30 related services. Despite our efforts to obtain unredacted invoices and determine this amount, RF&R only provided partially redacted invoices for our review.<sup>37</sup> Based on these invoices it was not possible to fully ascertain how much of the services billed by RF&R were for pre-June 30 associated costs.

Examples of some of the unallowable legal services included billing for work on a Memorandum of Understanding between Justice Alma Wilson Seeworth Academy, Inc. and OKCPS in an attempt to create an Enterprise School, advice on subleasing the Seeworth property, and representation of Justice Alma Wilson Seeworth Academy, Inc. against OKCPS in court. These charges would not be allowable FY2019 expenses using Seeworth school appropriations.

Authorization for the cashier’s check, as per a BancFirst Senior Vice-President, had to have been provided by one of the three authorized signers for the account, Kishore, Swinton, or Wilson. Per Kishore, she was told by Wilson to pick up the cashier’s check. Neither Kishore, Swinton, nor Wilson could provide an explanation for the amount of the check, \$57,742.49. RF&R was also unable to provide an explanation as to how the amount of the cashier’s check related to any outstanding billings or invoices.

<b>Reconciliation of Cashier’s Check</b>		
<b>Invoice Date</b>	<b>End of Period Covered</b>	<b>Amount</b>
07/16/2019	06/30/2019	\$12,988.50
08/07/2019	07/31/2019	\$12,735.89
09/11/2019	08/31/2019	\$13,387.00
10/07/2019	09/30/2019	\$10,821.71
11/18/2019	10/31/2019	\$2,588.60
12/16/2019	11/30/2019	\$469.20
04/08/2020	03/31/2020	\$180.00
05/13/2020	04/30/2020	\$427.50
	<b>Total</b>	<b>\$53,598.40</b>
Transferred to the Law Firm of White & Weddle, P.C.		\$4,144.09
<b>Total of Cashier’s Check</b>		<b>\$57,742.49</b>

RF&R continued to apply invoices against the remaining balance of \$44,753.99 through April 2020.<sup>38</sup> At that time the residual of \$4,144.09 was transferred to the law firm of White and Weddle, P.C.<sup>39</sup>

<sup>37</sup> All invoices discovered in Seeworth’s records were unredacted.  
<sup>38</sup> As per 70 O.S. § 5-187, fiscal year funds held on June 30 cannot be expended past September 30.  
<sup>39</sup> White & Weddle, P.C. represented board members Floyd, Swinton, and Wilson during the SA&I interview process. The lawyer from RF&R, representing Seeworth, became a White & Weddle, P.C. employee in October 2021.



*Recommendations for  
Charter School Financial Oversight*

**Recommendations for Charter School Financial Oversight**

During the last year, public charter schools have been in the forefront of school dialogue. The issue is not whether you support or oppose public charter schools, but whether Oklahoma’s education tax dollars are properly accounted for and used to ensure a high-quality public education for every student.

This report on Seeworth continues to shed light on the insufficient oversight provided by those responsible for charter school management. There is clearly a gap between the oversight required to effectively manage charter schools and the oversight currently provided by charter school sponsors, school boards, and even school auditors.

The legislature should continue to pursue ways to improve charter school structure, management, and oversight. In FY2020 alone, approximately \$13 million taxpayer dollars were set aside for charter sponsor oversight duties, yet there are no adequately defined compliance standards for sponsors, and the accountability that should accompany these oversight dollars has not provided adequate fiscal charter school management.

- The duties of charter sponsors should be clearly outlined in statute with a mechanism to ensure compliance.
- Charter school boards are non-profit entities and must adhere to strict IRS guidelines and other additional non-profit responsibilities.
- Educated and engaged boards are key for compliant charter schools. Mandatory training, including IRS guidelines, specific to all charter school boards should be statutorily defined.
- Charter school boards are appointed, not elected. Every charter school board should be required to include at least two parents from children enrolled in the school. Parents are deeply invested in the education of their children and would bring a fresh perspective to the table.

The governing body of a school is ultimately responsible for setting the policies and implementing the operational decisions required to oversee their school. As such, they have an obligation to act in the best interest of the school as a whole. Their primary responsibility is to provide the best possible education for every student and their fiduciary responsibility requires them to ensure that all funds belonging to the school are handled in such a manner that no individual could take personal advantage of the trust placed in them.

Attachment



JOY HOFMEISTER  
STATE SUPERINTENDENT of PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT of EDUCATION

May 2, 2019

VIA EMAIL W/ CERTIFIED U.S. MAIL TO FOLLOW

Janet Grigg  
Justice Alma Wilson Seeworth Academy  
12600 N Kelley Ave  
Oklahoma City, OK 73131  
[mamajisok@seeworthacademy.org](mailto:mamajisok@seeworthacademy.org)

Dear Ms. Grigg,

Pursuant to the Every Student Succeeds Act (“ESSA”) and federal regulations at 2 CFR § 200.331, the Oklahoma State Department of Education (the “OSDE”) is required to implement monitoring and reporting activities to ensure that sub-recipients of federal funds are compliant with federal regulations and are expending public funds in accordance with prescribed applicable laws and regulations. As you are aware, on or near March 19, 2019, pursuant to the aforementioned requirements the OSDE conducted monitoring and review activities associated with the School’s federal program funds. Further, the OSDE has also reviewed information evidencing that the School, via its administration, has failed to properly account for taxpayer funds, failed to properly maintain accounting records relating thereto, as well as failed to provide services to students with disabilities in accordance with the Individuals with Disabilities Education Act, 20 USC § 1401 *et seq.* (the “IDEA”) and specifically as related to the student’s Individualized Education Program (“IEP”).

Based on the OSDE’s review of these matters, multiple artifacts exist to demonstrate gross neglect and non-compliance with both state and federal laws and regulations. As a result, the matters identified below reflect the serious nature of the infractions which may place the continued existence of the School as it exists today at risk. Accordingly, your **immediate attention** to these matters is respectfully requested, including providing or otherwise making available School financial records that are reportedly currently being stored for possible tampering or destruction at a private residence in Talihina, Oklahoma.

With respect to the Preliminary Monitoring Report, the School has been initially determined to be seriously deficient in the areas of transparency, accountability, and policies and procedures as they relate to the School’s federal funds. Though this report has previously been provided to you, a copy is enclosed hereto. More specifically, by way of

Attachment - continued

example only, it has been determined that the School was deficient and non-compliant in the following areas:

1. Cash management procedures for payment systems and implementation of the requirements of transferring funds upon disbursement. *See* 2 CFR §§ 200.305(b)(6) and 200.305(b);
2. Internal controls and written procedures as to how the School:
  - a. Manages federal funds in compliance with federal statutes, regulations, and the terms and conditions of the federal award;
  - b. Evaluates itself to meet compliance with statute, regulations, and terms and conditions of federal awards;
  - c. Takes prompt action when instances of noncompliance are identified including noncompliance in an audit finding;
  - d. Protects safeguards of Personally Identifiable Information (PII) from all sources. *See* 2 CFR § 200.303;
3. Written Compensation Policy describing how all remuneration (including but not limited to wages and salaries, benefits, incentives, stipends, etc.)
  - a. Is reasonable for the services rendered;
  - b. Conforms to the established written policy consistently applied to both federal and non-federal activities;
  - c. Follows an appointment established by the School;
  - d. Is determined and supported by Standards for Documentation of Personal Expenses, when applicable;
  - e. Is reasonable to the extent that compensation for employees engaged in work on federal awards is consistent with that paid for similar work in other activities of the non-federal entity. *See* 2 CFR § 200.430(a-f);
4. Written procedures for Time Distribution Records for salaries and wages, including but not limited to stipends. *See* 2 CFR § 200.430(i); and,
5. Written procedures for maintaining and storing original records, both paper and electronic, and that such procedures include safeguards to ensure that the records are not altered or destroyed. *See* 2 CFR § 200.335.

Again, and as you are aware, the Preliminary Monitoring Report was provided to the School on March 19, 2019, and requested that additional documentation to supplement and/or correct any determined deficiencies be provided to the OSDE at your earliest convenience but no later than Friday, May 3, 2019. The OSDE has made phone calls and sent requests for any such supplemental information that the School has in its possession. However, to date, responses have not been received.

As such, and pursuant to the authority and responsibility vested in the OSDE by applicable law and regulations, a further inquiry has been opened relating to these matters to determine compliance and to ensure public confidence in the receipt and expenditure of taxpayer funds by the School. As a part of the OSDE's program monitoring and reviews, and as it relates to an inquiry concerning the received allegations, the OSDE must collect evidence or documentation in whatever means deemed appropriate to address the matters in review. This may include by means of on-site visits, interviews, and/or reviews of

Attachment - continued

documents. As such, and because previous requests have gone unanswered, an on-site investigation of the School's policies and procedures, documents relating to the expenditures of taxpayer funds, and interviews with School staff was attempted on April 30, 2019.

As an initial matter, a preliminary review of student IEPs revealed widespread violations of the IDEA and its accompanying federal regulations, including those at 34 CFR §300.300 (Parental consent) and 34 CFR §300.320 (Definition of individualized education program). Many IEPs contain missing components, do not appear to be individualized, and are not updated annually. In addition, the maximum caseload allowed under [Oklahoma's Special Education Policies](#) has been exceeded. To further illustrate the apparent non-compliance, the following was observed:

- 1) The special education teacher/director for the school was assigned a student caseload of nearly five (5) times the allowable limits in law;
- 2) Approximately sixty-four percent (64%) of students on an IEP do not have complete secondary transition plans as required by federal law;
- 3) At least forty (40) students do not have accommodations listed in the IEP for State or District-wide assessments;
- 4) Evidence suggests that many IEPs are not individualized:
  - a. At least 12 students contain the following under "Overall Objective Statements": *He/She is receiving instructions in regular education inclusion classes for his core curriculum content areas along with accommodations and modifications. He/She is under monitoring/consult between his Regular/Special Ed teachers.* However, under the "Special Education Services" section of these students' IEPs, the service they receive is "Co-teaching" in both Basic Reading Skills and Math Problem Solving Skills, all at 5x a week for 50 minutes.
  - b. Of 328 total IEP goals, 258 contain the word "Students" instead of the student's name.
  - c. Under "Parent Concerns for Enhancing Child's Education" the phrase "I will ask and address any parent concerns at the IEP meeting" is used multiple times.
- 5) IEPs appear to not be updated annually, and language on previous IEPs is exactly the same;
- 6) Under "Present Level of Academic Achievement and Functional Educational Performance" for "Component," many IEPs have the phrase "Test Date;" and,
- 7) Further, while on site, School staff advised that, for at least one student, written consent to conduct additional assessments for a reevaluation was admittedly not obtained.<sup>1</sup>

With respect to matters concerning the receipt and expenditure of taxpayer funds, while on site, OSDE staff was provided with a list of open blanket purchase orders, including for Walmart, Office Depot, teacher payment(s), and IPFS Corporation, which

<sup>1</sup> For purposes of this correspondence, these issues identified herein are provided as examples and not intended to serve as a complete identification of the deficiencies and non-compliance matters identified. A comprehensive report of the matters pertaining to services to students with disabilities is forthcoming.

Attachment - continued

was described as a School reimbursement account for the School's "corporate account." Yet, the School staff on-site were not able to provide information about the nature of this "corporate account." When requested, School staff advised that they were also not able to provide any financial records, including but not limited to the "corporate account" because all records are kept at a private residence in Talihina, Oklahoma.

At this point in time, these matters are extremely problematic for the School's continued operations. However, so as to allow the OSDE to continue its review of these matters, and make a final determination as to whether the School has complied with requirements in applicable law and regulation, I respectfully request that any and all records that are purportedly kept at the residence in Talihina, Oklahoma be delivered or made available to the OSDE on or before close of business on **Monday, May 6, 2019**. Specifically, these records may include but are not limited to the following:

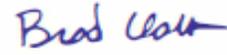
1. IRS W2 information from 2018 submitted to the IRS;
2. IRS 1099 Information from 2018 submitted to the IRS;
3. Payroll (all records);
4. List of all employees;
5. List of all contracted workers;
6. Board Agendas, Board minutes, and Encumbrances that the Board of Education approved at all board meetings;
7. Treasurer Statement (monthly);
8. Bank Statements of the operating general fund account with copies of checks;
9. Copies of any investment account (if applicable);
10. Bank Statements of the Corporate Account;
11. All Deposits and receipts made to the Corporate Account by an employee or representative of the School, including but not limited to Aiden Mumme and Art Schofield; and,
12. Copies of payments from the general fund to the Corporate Account.

Failure to provide the requested information by the requested date may result in a determination of non-compliance, loss of accreditation, and the withholding of state and federal funds. In addition, the OSDE has reason to believe that the School may intend to destroy documentation. As such, please be advised that any action and conduct to alter or destroy a record may be a violation of law and/or deemed to interfere with the OSDE's obligations and authority to review these matters.

Should you have any questions or want to further discuss these matters, please do not hesitate to contact me.

**Attachment - continued**

Sincerely,



Brad Clark  
General Counsel  
State Department of Education

Cc: The Honorable Barbara Swinton, School Board President  
[Barbara.Swinton@oscn.net](mailto:Barbara.Swinton@oscn.net)  
Oklahoma City Public Schools, Sponsor of the School  
[Superintendent@okcps.org](mailto:Superintendent@okcps.org)

**DISCLAIMER**

*By the issuance of this report, the Office of State Auditor & Inspector has no intent 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 agencies, and law enforcement, prosecutorial, and/or judicial authorities designated by law.*

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



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

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