

**SKIATOOK
PUBLIC
SCHOOLS**

**MAY 1, 2004 THROUGH
JANUARY 31, 2009**

**SPECIAL
AUDIT**



Oklahoma State Auditor
& Inspector

SKIATOOK PUBLIC SCHOOLS
SPECIAL AUDIT REPORT
MAY 1, 2004 THROUGH JANUARY 31, 2009

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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February 22, 2010

The Honorable Drew Edmondson
Attorney General of the State of Oklahoma
313 N.E. 21st Street
Oklahoma City, Oklahoma 73105

Transmitted herewith is the Special Audit Report of the Skiatook Public Schools. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 18f**.

A report of this type is critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to insure a government which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Kenny Cooper, President
Board of Education
Skiatook Public Schools
355 South Osage Street
Skiatook, Oklahoma 74070-2015

Dear Mr. Cooper:

Pursuant to the Attorney General's request and in accordance with the requirements of **74 O.S. 2001, § 18f**, we performed a special audit with respect to the Skiatook Public Schools for the period May 1, 2004 through January 31, 2009.

The objectives of our special audit primarily included, but were not limited to, the areas noted in the Attorney General's request. Our findings and recommendations related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Skiatook Public Schools for the period May 1, 2004 through January 31, 2009. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Skiatook Public Schools.

This report is intended solely for the information and use of the Attorney General and the Skiatook Board of Education and should not be used for any other purpose. This report is also a public document pursuant to the **Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

February 22, 2010

EXECUTIVE SUMMARY

Between May 1, 2004 and January 31, 2009, the school spent over \$800,000.00 for the purchase of custodial supplies from E & E Sales, Inc. instead of buying direct from the actual retailers. The school often paid double, triple or quadruple the open market price for the items ordered from E & E Sales.

E & E Sales was able to make profits of \$4,000.00 to \$10,000.00 for “a few minutes” work because the school did not shop for the best price. Because of the excessive markup amounts charged by E & E Sales, the school paid nearly \$60.00 each for trash cans that are available online from a home improvement store for \$8.00 each.

Due to the lack of segregation of duties and internal controls related to purchasing and receiving, as well as not having a formal purchasing policy, the school was unable to determine if it was actually receiving what it had paid for. As a result, the school paid \$179.95 for a \$5.00 mop head.

Between May 1, 2004 and January 31, 2009, we identified and traced 75% of the items purchased by the school, through E & E Sales, back to the actual product suppliers. We found the school paid \$612,005 for supplies costing \$229,286. The school paid E & E Sales a \$382,719 markup over market prices for these supplies.

During an interview with an E & E Sales subcontractor we were told Rick Enos, who operates E & E Sales, expressed concern over losing the school as a client because it was his “cash cow.”

The school also paid Austin Security Company over \$460,000.00 for security systems during the audit period. Austin Security Company is operated from the same Oklahoma City storefront as E & E Sales, Inc.

Instances were noted where the school paid Austin Security prices that were 400% or more above market prices. The school, for example, paid as much as \$6,600.00 for a security system from Austin Security that it could have bought direct for \$1,312.99.

The school also paid Austin Security for the installation of the security systems. Twenty security systems, although purchased over a year ago, still have not been installed. It was noted that Austin Security is not licensed to install security systems, so the school will now need to seek a new vendor should they decide to install the already purchased systems.

The school also used E & E Sales to serve as a middleman for repairs done to equipment that may have been under warranty. As a result, the school paid E & E Sales \$12,000.00 for repair work that would have cost them \$7,000 to obtain themselves directly from the actual service provider.

By using E & E Sales and the repair subcontractor used by E & E Sales, they may have voided warranties on equipment costing the school over \$30,000.00.

Had the school implemented policy and procedures concerning purchasing and receiving, it is likely they would have discovered years ago that they were paying markup amounts of 100% to 500%.

In fact, had the school simply compared the shipping invoices they were signing to the billing invoices submitted by E & E Sales, they could have easily detected they were paying substantial markup amounts for using E & E as a middleman.

The school's website includes the following statement:

As our District, State and Nation suffer through difficult economic times, we will strive to maintain the highest level of service to this community. We must make adjustments across the district but at the same time our goal is to insure that we don't eliminate valuable programs.

Custodial Supplies The purpose of our investigative audit was to examine records related to payments being made to two vendors: E & E Sales, Inc. and Austin Security Company. E & E Sales and Austin Security operate from the same Oklahoma City address, and both are operated by the same person, Rick Enos.

We met with Rick Enos at the E & E Sales office located in Oklahoma City. The Oklahoma City location has a storefront prominently displaying another business, E & E Tax Service, but has no signage indicating the presence of a custodial supply store and/or a security company.



During interviews, Rick Enos stated he keeps little custodial supply inventory on hand and essentially serves as a *middleman* in the custodial supply purchases made by the school.

Enos told us the school would call or fax him an order. He would then relay the order to the actual product suppliers. Enos stated he used three primary suppliers: Pollock Paper, Massco Supply, and LaGasse Supply.

Enos stated it would take him “a few minutes” to take the order from the school and relay the order to the actual supplier of the products. Enos stated the suppliers will drop ship the items directly to the school most of the time, and he does not take any steps to ensure the items are actually delivered.

Once Enos has relayed the order from the school to the actual suppliers, he then invoices the school for the items including his markup amount.

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Enos stated the majority of the supplies purchased for the school were from Pollock and Massco. Our review of invoices and shipping records confirmed Pollock and Massco were the primary suppliers of the items purchased for the school. Officials from both Pollock and Massco told us that they do sell directly to schools.

Between July 1, 2004 and December 31, 2008, the school issued 114 payments to E & E Sales totaling \$815,814.89 for the purchase of custodial supplies.

We obtained copies of the 114 purchase orders and the supporting documentation including the invoices from E & E Sales showing the type and number of items being purchased and the amounts E & E charged to the school.

One of our objectives was to determine how much the school was paying E & E Sales for simply relaying the orders to the actual product suppliers. We found in many cases, the school was paying E & E Sales several thousand dollars per order for serving as a middleman.

For example, the school paid E & E Sales \$14,433.10 for the purchase of custodial supplies in April, 2008. We reviewed the invoices associated with this order and found the open market price of the supplies had the school bought directly was \$5,723.72. E & E Sales' markup was \$8,709.38, as shown in the table below.

Item Description	Qty Ordered	Price per		Qty Shipped	Open Market		E & E	
		Unit Paid by School	Total Paid by School		Price per Unit	Total	Markup Amount	Difference
Medium lie flat looped end mop heads 12/per case	3	\$131.40	\$394.20	3	\$54.24	\$162.72	142%	\$231.48
Super Coach attachment kit	8	\$249.95	\$1,999.60	8	\$65.00	\$520.00	285%	\$1,479.60
8 Box foam hand sanitizer	30	\$139.95	\$4,198.50	30	\$66.10	\$1,983.00	112%	\$2,215.50
8" x 350' brown roll towel Fort James / 12 per case	40	\$53.95	\$2,158.00	40	\$19.38	\$775.20	178%	\$1,382.80
Liners 43 x 48 17 micron - cs	40	\$53.95	\$2,158.00	40	\$25.67	\$1,026.80	110%	\$1,131.20
James River coreless toilet tissue cz377	40	\$88.12	\$3,524.80	40	\$31.40	\$1,256.00	181%	\$2,268.80
			<u>\$14,433.10</u>			<u>\$5,723.72</u>		<u>\$8,709.38</u>

In another example we found a school purchase order was issued to E & E Sales for \$14,091.15. The open market price of the supplies ordered was \$3,781.06. The school paid E & E Sales \$10,310.09 more for the supplies than it would have cost them to simply place the order themselves with the actual suppliers.

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Item Description	Qty Ordered	Price per		Qty Shipped	Open Market Price per		E & E Markup	
		Unit Paid by School	Total Paid by School		Unit	Total	Amount	Difference
Vinyl exam gloves large	1	\$199.95	\$199.95	1	\$39.40	\$39.40	407%	\$160.55
Vinyl exam glove medium powder free 10/cs	1	\$199.95	\$199.95	1	\$39.40	\$39.40	407%	\$160.55
Super Coach with attachment kit	2	\$1,095.00	\$2,190.00	2	\$318.75	\$637.50	244%	\$1,552.50
14" carpetwin Advance vacuum	4	\$1,495.95	\$5,983.80	4	\$491.54	\$1,966.16	204%	\$4,017.64
24 OZ cotton sewn end screw type 12/case	5	\$179.95	\$899.75	5	\$59.16	\$59.16	204%	\$840.59
Urinal screens with deodorized blocks 12 per box	10	\$89.95	\$899.50	10	\$18.00	\$180.00	400%	\$719.50
Lobby Pro upright dustpan	12	\$69.95	\$839.40	12	\$18.02	\$216.24	288%	\$623.16
36" x 60" Castellian red wiper mat	24	\$119.95	\$2,878.80	24	\$26.80	\$643.20	348%	\$2,235.60
			<u>\$14,091.15</u>			<u>\$3,781.06</u>		<u>\$10,310.09</u>

Our review of the school's purchase orders revealed the school was routinely paying E & E Sales a markup amount that often exceeded the open market price of the items being ordered. The following are a few examples of the purchase orders to E & E Sales:


- A September 2005 purchase order was issued in the total amount of \$5,528.63. The open market price of the supplies purchased was \$1,653.31. E & E Sales' charged the school an additional \$3,875.32 over the open market price.
- A November 2005 purchase order was issued in the total amount of \$8,230.10. The open market price of the supplies purchased was \$2,307.50. E & E Sales' charged the school an additional \$5,922.60 over the open market price.
- An August 2007 purchase order was issued in the total amount of \$15,467.03. The open market price of the supplies purchased was \$5,125.24. E & E Sales' charged the school an additional \$10,341.79 over the open market price.

We have included as attachments to this report details of the open market costs for the supplies and the amounts paid to E & E Sales for 21 purchase orders.


Over the audit period, we found the school had often paid E & E Sales a markup amount that was four or more times the open market price of the items being purchased. We noted, for example, on eight separate occasions during this four and a half year period, the school purchased a number of wastebaskets (41¼ quart size) from E & E Sales. The school paid E & E Sales as much as \$59.95 for each trash can. Using the product code from the E & E invoices ("RCP2957"), we found the same product at a popular home improvement store for \$7.99 each, a \$51.96 difference.

Overall, the school paid E & E Sales \$6,951.36 for the purchase of 168 trash cans, at an average price of \$41.38 per can. Had the school purchased the same trash cans from the home improvement store located less than 30 minutes away, the school could have saved \$5,609.52.

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	Price per			Open Market		E & E		
	Qty Ordered	Unit Paid by School	Total Paid by School	Qty Shipped	Price per Unit	Total	Markup Amount	Difference
	24	\$19.95	\$478.80	24	\$6.41	\$153.84	211%	\$324.96
	12	\$19.95	\$239.40	12	\$7.02	\$84.24	184%	\$155.16
	24	\$23.94	\$574.56	24	\$7.70	\$184.80	211%	\$389.76
	24	\$25.95	\$622.80	24	\$6.68	\$178.48	288%	\$444.32
	24	\$59.95	\$1,438.80	24	\$10.88	\$261.12	451%	\$1,177.68
	12	\$59.95	\$719.40	12	\$10.88	\$130.56	451%	\$588.84
	24	\$59.95	\$1,438.80	24	\$11.55	\$277.20	419%	\$1,161.60
	24	\$59.95	\$1,438.80	24	\$12.22	\$293.28	391%	\$1,145.52
			<u>\$6,951.36</u>			<u>\$1,563.52</u>		<u>\$5,387.84</u>

The school also paid substantial markup costs for custodial *equipment* purchased from E & E. For example, the school paid E & E Sales \$1,495.95 for a vacuum that retails at \$491.00. Over the audit period, the school paid \$29,736.40 for 25 vacuums. This alone resulted in markup paid to E & E Sales of \$18,691.29 as shown in the following table:

	Price per			Open Market		E & E		
	Qty Ordered	Unit Paid by School	Total Paid by School	Qty Shipped	Price per Unit	Total	Markup Amount	Difference
	1	\$850.00	\$850.00	1	\$385.50	\$385.50	120%	\$464.50
	2	\$850.00	\$1,700.00	2	\$385.50	\$771.00	120%	\$929.00
	2	\$850.00	\$1,700.00	2	\$398.00	\$796.00	114%	\$904.00
	4	\$1,295.95	\$5,183.80	4	\$427.00	\$1,708.00	204%	\$3,475.80
	5	\$1,050.00	\$5,250.00	5	\$448.50	\$2,242.50	134%	\$3,007.50
	4	\$1,295.95	\$5,183.80	4	\$448.50	\$1,794.00	189%	\$3,389.80
	3	\$1,295.00	\$3,885.00	3	\$460.65	\$1,381.95	181%	\$2,503.05
	4	\$1,495.95	\$5,983.80	4	\$491.54	\$1,966.16	204%	\$4,017.64
			<u>\$29,736.40</u>			<u>\$11,045.11</u>		<u>\$18,691.29</u>

Prior to our investigation, the school's independent auditor had discovered issues related to the receiving, return, and proper crediting of items the school had purchased from E & E Sales.

We investigated the schools receiving procedures (addressed later in this report) and found them to be inadequate. We also found some of the supporting documentation related to purchases to be questionable.

In an attempt to determine if the school had actually received the \$815,000.00 in supplies ordered from E & E Sales, we obtained invoices and delivery tickets from E & E Sales's product suppliers. Using these invoices and delivery tickets, we were able to trace 75% of the total cost of the products E & E Sales had sold to the school back to the product suppliers to determine the actual markup amounts paid to E & E Sales.

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Fiscal Year	E & E Purchase Order Amount	Open Market Price	Difference
FY 04-05	\$101,579.36	\$36,291.26	\$65,288.10
FY 05-06	\$135,454.66	\$56,973.22	\$78,481.44
FY 06-07	\$104,460.72	\$41,434.36	\$63,026.36
FY 07-08	\$152,949.11	\$55,513.52	\$97,435.59
FY 08-09	\$117,561.24	\$39,073.82	\$78,487.42
	\$612,005.09	\$229,286.18	\$382,718.91

Out of that 75%, we determined the actual value of the products the school paid for was \$229,286.18 (37%) of the total paid to E & E, and the school paid E & E Sales \$382,718.91 (63%) over that amount.

We were unable to trace 100% of the supplies ordered from the E & E Sales invoices to the suppliers and to deliveries made to the school. This was due, in part, to the school not maintaining delivery tickets as part of a receiving process.

However, from the 75% we could identify, we determined that for every \$1.00 the school paid to E & E Sales for supplies, it paid E & E Sales an additional \$0.63 instead of just placing the order itself. Based on the percentages obtained from our test, the school has paid E & E Sales \$513,000.00 over the cost it would have been for the school to make the purchases itself.

We asked the school for a copy of their purchasing policies and were provided a copy of job duties of the superintendent which stated:

Establishes and maintains efficient procedures and effective controls for all expenditures of school funds in accordance with the adopted budget, subject to direction and approval of the Board.

The school had no other purchasing policies and no policies concerning the receiving and verification of product delivery. We found some instances where it appears the school had “received” and approved payments for items that did not agree with shipping records obtained from the actual suppliers.

A July 2005 purchase order included the purchase of 100 cases of coreless toilet paper at a total cost to the school of \$8,012.00. The attached invoice was stamped “OK TO PAY” and the purchase order documentation indicates payment was made for all of the items on August 1, 2005. Shipping records obtained from the actual supplier of the products, and signed by a school official, indicated 56 cases were shipped on July 20, 2005. The records also show that the remaining 44 cases were not even shipped until August 3, 2005.

A September, 2005 purchase order included the purchase of 34 packages of Carpet Twin vacuum bags. The total cost to the school was \$1,632.00. The attached invoice was stamped “OK TO PAY” and the purchase order documentation indicates payment was made for all of the ordered items on October 3, 2005. Shipping records obtained from the actual supplier of the

products and signed by Rick Enos, E & E Sales, indicates the back ordered items were not shipped until October 4, 2005.

When we asked the School Superintendent about the school's receiving procedures, he stated there were no procedures in place to ensure the items ordered and paid for were actually received.

If an invoice was stamped "OK TO PAY," the invoice was processed for payment. However, from our interviews and from documentation received from the product suppliers, it appears the school did not actually compare the items ordered and being paid for to the items actually received by the school before that "OK TO PAY" stamp was applied to the invoice.

During an interview with Rick Enos, E & E Sales, we asked what steps he takes to ensure the items being sold to the school are actually being delivered. Mr. Enos said he simply has to rely on the trust that once he relays the schools order, the suppliers are actually delivering the products.

Because a majority of the products purchased from E & E Sales are consumable products such as cleaners and napkins, it would be virtually impossible for us to verify whether or not many of the products were delivered to the school.

Because there was no form of written policy defining the purchasing process, we reviewed the schools records to determine how the process was being done. Based on that review, the school appears to have been following this process in most instances:

1. A purchase request is completed and submitted for approval to the Superintendent.
2. A purchase order is created and approved by the Superintendent.
3. When an invoice is received, approval is given to pay it without documentation that items ordered were received.

We found it interesting that in many cases, all three steps - the request, the approval, and the delivery of the items - all occurred on the same date, or the invoice appeared to be altered to reflect the same date.

For example, purchase order 2006-11-179 to E & E Sales in the amount of \$12,734.42 was dated July 25, 2005. The attached purchase request and the attached invoice from E & E Sales were also dated July 25, 2005. We noted, however, the date on the invoice appeared to be substantially different from other text on the invoice, as shown in the image below.

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E & E SALES COMPANY, INC 1333 SW 89th Oklahoma City, OK 73159 (405)794-3373 - Phone	Invoice				
	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <th style="padding: 2px;">Date</th> <th style="padding: 2px;">Invoice #</th> </tr> <tr> <td style="text-align: center; padding: 2px;">7/25/05</td> <td style="text-align: center; padding: 2px;">3845</td> </tr> </table>	Date	Invoice #	7/25/05	3845
Date	Invoice #				
7/25/05	3845				

We requested E & E Sales provide us with a copy of the same invoice number. Their copy showed the date was dated July 21, 2005, as shown below.

E & E SALES COMPANY, INC 1333 SW 89th Oklahoma City, OK 73159 (405)794-3373 - Phone	Invoice				
	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <th style="padding: 2px;">Date</th> <th style="padding: 2px;">Invoice #</th> </tr> <tr> <td style="text-align: center; padding: 2px;">7/21/2005</td> <td style="text-align: center; padding: 2px;">3845</td> </tr> </table>	Date	Invoice #	7/21/2005	3845
Date	Invoice #				
7/21/2005	3845				

We found discrepancies in the invoices used to support the purchase orders including:

- Five cases in which the invoice was faxed to the school prior to the purchase request and purchase order dates. In all five of those cases, the invoice date was altered to reflect a date that would coincide with the purchase request and purchase order dates.
- Six cases in which the “date shipped” on the invoice was dated prior to purchase request and purchase order.
- One case in which white out was used to cover the ship date and fax date.

The lack of segregation of duties and internal controls related to purchasing and receiving, as well as not having a formal purchasing policy, provided the ability

Purchase Order #	Invoice Amount	Actual Invoice Date	Date Modified to	Purchase Order Payee
2008-11-1192	\$6,198.10	4/4/2008	Date Removed	E & E Sales
2008-11-1192	\$4,710.20	3/24/2008	Date Removed	E & E Sales
2008-21-78	\$11,793.49	10/3/2007	10/8/2007	E & E Sales
2007-11-379	\$7,399.40	8/16/2006	8/17/2007	E & E Sales
2007-11-292	\$7,300.00	7/26/2006	7/31/2007	Austin Security Company
2007-11-291	\$5,998.50	7/26/2006	7/31/2006	E & E Sales
2007-11-225	\$15,438.00	7/10/2006	7/14/2006	E & E Sales
2007-11-216	\$16,588.12	7/7/2006	7/11/2006	E & E Sales
2007-11-218	\$12,799.57	7/10/2006	7/12/2006	E & E Sales
2007-11-201	\$5,696.00	7/1/2006	7/3/2006	E & E Sales
2006-11-991	\$1,299.50	2/6/2006	2/7/2006	E & E Sales
2006-11-802	\$8,230.10	11/28/2005	11/29/2005	E & E Sales
2006-11-527	\$459.25	9/22/2005	9/23/2005	E & E Sales
2006-11-255	\$18,005.68	8/2/2005	8/4/2005	E & E Sales
2006-11-179	\$12,734.42	7/21/2005	7/25/2005	E & E Sales
2001-11-200	\$16,963.00	7/12/2004	7/22/2004	E & E Sales

for one person to be the requestor, approver, and receiver of goods and services being purchased by the school.

A well defined and proper receiving policy should include sufficient steps to ensure the items being delivered are what the school ordered and that the items were received prior to payment.

In October 2007, the school paid E & E Sales \$539.85 for three cases of 12 mop heads (36 total). The corresponding invoice from Pollock indicated the delivery of 36 mop heads, totaling \$176.40. (In this case the school appears to have received the correct number of mop heads.)

In July 2006 and July 2008, the school paid E & E Sales \$946.08 for six cases of 12 mop heads (72 total) and \$539.85 for three cases of 12 mop heads (36 total). However, the delivery tickets for these items show the school received six mop heads and three mop heads, rather than six cases and three cases.

Due to the lack of segregation of duties and internal controls over purchasing and receiving, the school paid E & E Sales \$157.68 per mop head in July, 2006 and \$179.98 per mop head in July, 2008. The supplier's prices were \$4.17 per mop head in 2006 and \$4.51 per mop head in 2008.

We interviewed the School Superintendent who stated he was not aware of the markup amounts the school was paying to E & E Sales. The Superintendent stated he trusted E & E was doing a good job as he had done business with them for years.

The Superintendent stated after he learned of the markup percentages being charged by E & E Sales, he discontinued doing business with E & E Sales and began implementing purchasing and receiving policies.

The school did not keep delivery tickets, so we obtained them from the product suppliers. We noted the delivery tickets obtained from Pollock, and signed by school officials, included the actual prices of the items being delivered to the school. Therefore, the markups in pricing were right there in front of the school officials.

In November 2006, the school paid E & E Sales \$9,987.25 for custodial supplies delivered by Pollock. The Pollock delivery ticket, which was signed by a school official, reflected the per item prices for each item listed as well as a total delivered price of \$4,659.56. Had school officials actually compared the Pollock delivery ticket, which included prices, to the E & E invoice, it was blatantly obvious that the school was paying E & E Sales \$9,987.25 for a \$4,659.56 order, as shown in the table below.

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Item Description	Qty Ordered	Price per		Qty Shipped	Open Market		E & E	
		Unit Paid by School	Total Paid by School		Price per Unit	Total	Markup Amount	Difference
Vinyl exam gloves small powder free - 10/100 case	1	\$179.95	\$179.95	1	\$39.40	\$39.40	357%	\$140.55
X Large vinyl gloves 10/100 pkg case	2	\$179.95	\$359.90	2	\$57.74	\$114.80	212%	\$245.10
Vinyl exam glove medium powder free 10/cs	4	\$179.95	\$719.80	4	\$39.40	\$157.60	357%	\$562.20
Latex exam glove large powder free 10/100 cs	4	\$179.95	\$719.80	4	\$80.94	\$323.76	122%	\$396.04
Betco Pine Disinfectant	10	\$101.70	\$1,017.00	10	\$32.50	\$325.00	213%	\$692.00
24" x 33" Liners cs/1000	10	\$40.74	\$407.40	10	\$18.15	\$181.50	124%	\$225.90
32002 Easynap wht emp disp napkin	15	\$131.95	\$1,979.25	15	\$54.72	\$820.80	141%	\$1,158.45
8" x 800' brown roll towels 6/cs	15	\$59.95	\$899.10	15	\$26.35	\$395.25	128%	\$503.85
8" x 350' brown roll towel Fort James / 12 per case	20	\$47.94	\$958.80	20	\$18.36	\$367.20	161%	\$591.60
Liners 43 x 48 17 micron - cs	25	\$53.95	\$1,348.75	25	\$23.37	\$584.25	131%	\$764.50
Carpet Twin 14" vac bags pkg 10	50	\$27.95	\$1,397.50	150	\$9.00	\$1,350.00	211%	\$47.50
			\$9,987.25			\$4,659.56		\$5,327.69

Between July 1, 2004 and January 1, 2009, the school purchased \$907,135.39 in custodial supplies. This included \$815,815.39 from E & E Sales, \$55,399.43 from AmSan, and \$35,920.57 from Romaine Companies.

Although the school is not required to take bids for the purchase of custodial supplies, prudent use of taxpayer money should include getting the best deal available.



Over the audit period the school purchased \$26,653.57 in “32002 Easynap wht emp disp napkins” (white dispenser napkins). The school paid E & E Sales \$109.95 to \$139.95 per unit. The school could have purchased these items directly from Pollock. The Pollock price ranged from \$41.50 to \$58.65 per unit.

We searched for “32002 Easynap napkins” on the Internet and got numerous search results, including a vendor offering the sale of these items for \$62.87 per unit. The potential savings to the school (purchase of 202 units) would have been \$13,685.50.

The school paid E & E Sales \$38,311.40 for the purchase of 32 “14” carpetwin Advance vacuum[s]”, an average price of \$1,197.23 per vacuum. The cost to E & E Sales ranged from \$385.50 to \$491.54 per vacuum.

We searched for “Advance 14” vacuum” on the Internet and found a retailer selling what appears to be the same vacuum for \$709.00. The school could have saved \$15,623.26 by running a simple search for a better deal on the vacuums.

Security Equipment During the audit period from July 2004 through January 2009, the school paid Austin Security \$467,956.95 for the purchase and repair of security cameras and equipment. Austin Security is operated by Rick Enos from the same location as E & E Tax Service and E & E Sales.

Fourteen of the security systems were purchased prior to August 2005. Because of the vagueness of the invoices used to support the purchase of these systems, we were unable to determine the probable cost and markup rate the school paid Austin Security. We were, however, able to determine:

- The school paid \$10,489.50 for six systems with a 40 gigabyte HDD recording system.
- The school paid \$8,995.00 for three systems with a 21” monitor and unknown type of recording device.
- The school paid \$8,994.00 for five systems with a 21” monitor and unknown type of recording device.

In August 2005, the school began purchasing security systems described as:

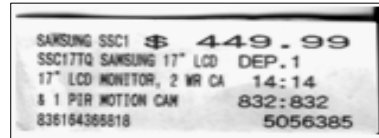
Four Camera Surveillance Systems w/ 17” LCD Monitor & 250
Gig hard drive DVR recorder, Network ready.

The school purchased 59 of these systems with prices ranging from \$3,500.00 to \$7,000.00 including:

- 18 systems purchased for \$7,000.00 each.
- 2 systems purchased for \$6,500.00 each.
- 1 system purchased for \$6,000.00.
- 38 systems purchased for \$3,500.00 each.

The last four systems purchased by the school for \$3,500.00 per system occurred in April 2008. These systems were requested and paid for even though the school has not installed 20 of the 59 systems purchased.

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We examined the uninstalled systems and found a price tag on one box indicating the system, with three cameras, cost \$449.99, not including the DVR and fourth camera.

We were able to determine the model numbers of the DVR and fourth camera added to the three camera system. We obtained vendor quotes of \$714.00 for the DVR and \$149.00 for the additional camera. The total cost for the system, based on the price indicated on the box and vendor quotes for the additional equipment, was \$1,312.99. Based on this cost, the school paid Austin Security \$2,187.01 over the open market cost for each unit. This results in the school paying \$43,740.20 more than the open market costs for the 20 uninstalled systems.

The school paid Austin Security a total of \$262,000.00 for the 59 systems that appear to have cost Austin Security and have a retail value of around \$77,466.11. This results in the school paying \$184,533.89 more than the open market costs of the systems.

Between October 31, 2007 and April 7, 2008, the school made six separate purchases of security systems from Austin Security. Each of the six orders included four security systems composed of a DVR, monitor, and four cameras. The school paid \$14,600.00 for each of the six orders.

Based on the records we reviewed, the school had four uninstalled security systems in October 2007, yet continued to purchase another 16 systems, totaling \$58,400.00 from Austin Security. At the conclusion of our investigation, those systems were still unused and stored in a supply room.

In addition to the price of the security equipment, the school was also paying Austin Security for the installation of the security systems, including the 20 systems that have not been installed.

During an interview with Rick Enos, he indicated he had gotten a good deal on the security systems, and he had “talked” the school into buying the systems to take advantage of the discounted price. Based on the advice of a vendor, the school purchased 20 security systems costing the school \$73,000.00. Those systems, which are now over a year old, remain unused.

In order to install security systems in Oklahoma, the security company is required to be licensed by the Oklahoma State Department of Health (OSDH). We contacted OSDH who told us Austin Security is not licensed to install security systems.

Austin Security has already installed security systems at the school, without being licensed. Moreover, Austin Security's price for the 20 uninstalled security systems also included an unspecified amount as installation labor.

Because of the vagueness of the invoices being used to support the school's payments to Austin Security, neither the school nor Austin Security was clear today on exactly how much of the invoiced price was equipment and how much was for installation charges.

During our investigation, we notified school officials that Austin Security was not licensed to install the 20 unused security systems. The school and Austin Security reached an agreement concerning the installation costs, and Austin Security reimbursed the school \$14,000.00 for the installation costs billed, paid, and not provided.

The school also paid Austin Security \$20,669.00 for service work including repairs, relocating, and/or replacing some of the security system equipment. Because the invoices for the service work was vague and due to the school not maintaining any records related to product warranties, we were unable to determine if some portion of the \$20,669.00 should have been covered under warranty.

As with the custodial supplies, the school was under no legal obligation to obtain bids for the security equipment. However, when school officials expect to spend nearly \$500,000.00 for single purpose equipment, such as security systems, the time required to obtain quotes from various vendors may well save the school from paying price markups of 400% such as they were doing.

In this case, as with the custodial supplies, it appears the school would call Rick Enos, tell them what they wanted, and simply accept his price.

Equipment Repairs

The school paid E & E Sales \$23,989.17 over the audit period for repair work performed on various pieces of custodial equipment such as scrubbers, buffers, and vacuum cleaners.

We interviewed Rick Enos, E & E Sales, and determined that E & E Sales also serves as a middleman in the repair process. When the school needed repair work performed, they contacted E & E Sales, who then contacted the repairman who actually performed the work. The repairman would submit a bill to E & E Sales, E & E Sales would add on a commission for itself and forward the bill to the school.

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The repair work was actually being performed by Spectrum Repair and Sales located in Oklahoma City. Spectrum provided us with eight invoices, totaling \$7,419.62, for repair work performed by Spectrum at the school. We compared the repair invoice amounts to the invoice amounts E & E Sales submitted to the school and found that instead of contracting with the repair shop itself, the school paid E & E Sales commissions for acting as a middleman in the transaction as shown in the table that follows:

Purchase Order Date	Purchase Order	Amount Paid by School	Amount Billed by Spectrum	E & E Sales Commission
11/4/2005	2006-21-62	\$804.80	\$604.80	\$200.00
11/22/2005	2006-21-68	\$229.95	\$116.75	\$113.20
2/20/2006	2006-21-81	\$629.95	\$324.50	\$305.45
2/20/2006	2006-21-81	\$2,099.70	\$1,263.00	\$836.70
8/14/2007	2008-21-44	\$3,932.41	\$2,621.61	\$1,310.80
9/25/2007	2008-21-72	\$2,573.82	\$1,391.54	\$1,182.28
2/15/2008	2008-21-136	\$972.36	\$478.52	\$493.84
3/4/2008	2008-11-1060	\$1,298.46	\$618.90	\$679.56
		\$12,541.45	\$7,419.62	\$5,121.83

When we compared the invoices from Spectrum and E & E Sales, we found E & E Sales often simply photocopied parts of the description of services on the Spectrum invoices (omitting the prices), inserted a new increased total for the services, and then submitted the invoice to the school for payment.

Some of the equipment being serviced under these transactions, including two \$15,000.00 Nobles Speed Scrubbers, was purchased from Massco. We spoke with a representative of Massco who stated these types of machines come with warranties ranging from three to seven years. However, the school did not maintain sufficient records for us to determine if the service work being paid for would have been covered under warranty.

Additionally, the invoices submitted by E & E were insufficient to determine what machines were being repaired. One invoice, for \$1,298.46, included the description, "Repair – several machines and parts."

The Massco representative we spoke with stated if the equipment being serviced by Spectrum *was* under warranty, the warranty is now voided because Spectrum is not authorized to perform warranty work on the machines sold by Massco.

We interviewed Paul McKee, Spectrum Repair and Sales, and asked if he had done any work at any other schools for E & E Sales. Mr. McKee stated he had done a little work at Piedmont school, but most of the work he performed for E & E was at Skiatook School. Mr. McKee then stated he had a conversation with Rick Enos, E & E Sales, and Mr. Enos had mentioned not wanting to lose Skiatook School as a client because the school was his “cash cow”.

CONCLUSION

Over the audit period, the school paid Rick Enos, through his companies E & E Sales and Austin Security, \$570,000.00 over what it would have cost the school to purchase custodial supplies and security equipment directly.

Because the school had no controls in place to verify items being paid for were actually received, payments were made for items and services never received by the school. The school also failed to compare prices, blindly paid E & E Sales any price submitted, and ignored the retail prices reflected on delivery tickets. Moreover, invoices were altered by the school in order to process them for payment.

Without sufficient controls and oversight, E & E Sales was able to charge the school substantial markup amounts, and the school willingly paid.

RECOMMENDATIONS

During our audit, the school adopted new policies related to the purchasing and receiving of goods and services. The new policy includes provisions for obtaining price quotes as well as procedures to ensure that items ordered are actually received prior to payment. We recommend the school periodically review the purchasing and receiving process to ensure the policy is being followed.

We have provided a copy of this report to the Oklahoma Attorney General for his review to determine what additional action may be necessary.

**Other Concerns:
Lease Payments**

During our review of payments from the school to both E & E Sales and Austin Security, we found some payments were made as a result of bond issues passed in 2004 and 2007 for construction of school buildings.

The school entered into a lease purchase agreement with Standard Leasing, LLC. The purpose of the agreement appears to be to allow the school to establish a line of credit backed by the bond issues.

The school makes a “lease payment” monthly to the leasing company. These payments are seen and approved by the schools Board of Education.

While the Board sees and approves the payments from the school to the leasing company, they are not seeing or approving payments being made by the leasing company on behalf of the school.

For example, on January 13, 2005 the Superintendent signed a lease payment request for the payment of \$23,979.00 to E & E Sales for the purchase of security equipment. A check was then issued from Standard Leasing, L.L.C. to E & E Sales for the same amount. This process allows payments to be issued from school funds for purposes that are not being approved by the School Board.

RECOMMENDATIONS Payments being made by the leasing company on behalf of the school should be integrated into the schools newly adopted purchasing policy so that the Board can review and approve the actual use of these funds.

DISCLAIMER The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

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**Attachment A
School Purchase Orders / Open Market Price**

Purchase Order 2005-11-546 - September 23, 2004								
	Amount Paid by School				Open Market Price			Difference
	Qty	Unit Price	Total	Shipped	Unit Price	Total	Markup	
Betco gum remover aerosol	1	\$99.95	\$99.95	1	\$25.91	\$25.91	286%	\$74.04
Overdrive spray buff 12/cs	1	\$129.95	\$129.95	1	\$42.46	\$42.46	206%	\$87.49
Scotch Brite #74 pad 20 per case	3	\$99.95	\$299.85	3	\$24.46	\$73.38	309%	\$226.47
Lobby dust pan w/handle	5	\$24.99	\$124.95	5	\$10.33	\$51.65	142%	\$73.30
Lobby broom	5	\$8.95	\$44.75	5	\$4.31	\$21.55	108%	\$23.20
Lancer aggressive mop cleaner for command center	10	\$139.95	\$1,399.50	7	\$39.87	\$279.09	251%	\$1,120.41
Vacuum belts carpettwin 14	24	\$12.95	\$310.80	12	\$9.00	\$108.00	44%	\$202.80
James River coreless toilet tissue cz377	50	\$66.77	\$3,338.50	50	\$27.03	\$1,350.00	147%	\$1,988.50
			\$5,748.25			\$1,952.04		\$3,796.21

Purchase Order 2005-11-796 - December 13, 2004								
	Amount Paid by School				Open Market Price			Difference
	Qty	Unit Price	Total	Shipped	Unit Price	Total	Markup	
Cinnamon Air Freshener 12/case	2	\$95.40	\$190.80	2	\$36.48	\$72.96	162%	\$117.84
Vanilla Aerosol time dispenser scent 12/cs	2	\$95.40	\$190.80	2	\$36.48	\$72.96	162%	\$117.84
Bath Mate non acid bowl cleaner for command center	6	\$169.95	\$1,019.70	6	\$54.61	\$109.22	211%	\$910.48
Lancer aggressive mop cleaner for command center	10	\$139.95	\$1,399.50	10	\$39.87	\$398.70	251%	\$1,000.80
50# Snow & Ice Melt	40	\$37.95	\$1,518.00	40	\$12.04	\$481.60	215%	\$1,036.40
			\$4,318.80			\$1,135.44		\$3,183.36

Purchase Order 2005-21-41 - March 1, 2005								
	Amount Paid by School				Open Market Price			Difference
	Qty	Unit Price	Total	Shipped	Unit Price	Total	Markup	
SW65 Stainless steel cleaner - case	3	\$99.95	\$299.85	3	\$24.50	\$73.50	308%	\$226.35
Liners 43 x 48, 17 micron - cs	20	\$35.95	\$719.00	20	\$19.57	\$391.40	84%	\$327.60
8" x 800' brown roll towels 6/cs	30	\$49.95	\$1,498.50	30	\$21.05	\$631.50	137%	\$867.00
8" x 350' brown roll towel Fort James / 12 per case	30	\$43.95	\$1,318.50	30	\$17.76	\$532.80	147%	\$785.70
24" x 33" liners - cs/1000	30	\$33.95	\$1,018.50	30	\$16.74	\$502.20	103%	\$516.30
James River coreless tissue cz377	50	\$73.45	\$3,672.50	50	\$33.03	\$1,651.50	122%	\$2,021.00
			\$8,526.85			\$3,782.90		\$4,743.95

Purchase Order 2006-11-525 - September 23, 2005								
	Amount Paid by School				Open Market Price			Difference
	Qty	Unit Price	Total	Shipped	Unit Price	Total	Markup	
Vinyl exam gloves large	1	\$179.40	\$179.40	1	\$57.40	\$57.40	213%	\$122.00
66 GL Huskee Cont. Gray	2	\$119.95	\$239.90	2	\$54.13	\$108.26	122%	\$131.64
3M 20" Tan Natural Blend Pad - 5 c/s	12	\$59.94	\$719.28	8	\$18.92	\$151.36	217%	\$567.92
Lobby dust pan w/ handle ea	12	\$39.95	\$479.40	12	\$10.01	\$120.12	299%	\$359.28
Warehouse Brooms	12	\$24.95	\$299.40	12	\$5.76	\$69.12	333%	\$230.28
5 GL clear reflect hs fin bag-in-box	15	\$131.95	\$1,979.25	15	\$56.07	\$841.05	135%	\$1,138.20
Carpet twin 14" vac bags pkg 10	34	\$48.00	\$1,632.00	34	\$9.00	\$306.00	433%	\$1,326.00
			\$5,528.63			\$1,653.31		\$3,875.32

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Purchase Order 2006-21-64 - November 15, 2005

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
26" Nobels speed scrub rider with fast w/heavy dut	1	\$15,995.00	\$15,995.00	1	\$10,909.40	\$10,909.40	47%	\$5,085.60
C-17" green scrubber floor pad 5 per case	5	\$39.95	\$199.75	5	\$12.10	\$60.50	230%	\$139.25
C-20" red spray buffing floor pad 5/case	20	\$49.95	\$999.00	20	\$15.05	\$301.00	232%	\$698.00
			\$17,193.75			\$11,270.90		\$5,922.85

Purchase Order 2006-11-802 - November 29, 2005

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Betco Pine Disinfectant	6	\$101.70	\$610.20	6	\$25.10	\$150.60	305%	\$459.60
50# Snow & Ice Melt	50	\$49.95	\$2,497.50	10	\$12.85	\$128.50	289%	\$2,369.00
8" x 350 brown roll towel Fort James / 12 per case	40	\$47.94	\$1,917.60	40	\$17.68	\$707.20	171%	\$1,210.40
James River coreless toilet tissue cz377	40	\$80.12	\$3,204.80	40	\$33.03	\$1,321.20	143%	\$1,883.60
			\$8,230.10			\$2,307.50		\$5,922.60

Purchase Order 2007-11-225 - July 14, 2007

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
H7658SG 22x16x58 Supr Hvy 60G Liners	20	\$45.54	\$910.80	20	\$20.80	\$416.00	119%	\$494.80
8" x 350' brown roll towel Fort James / 12 per case	40	\$47.94	\$1,917.60	40	\$18.36	\$734.40	161%	\$1,183.20
24" x 33" Liners cs/1000	40	\$40.74	\$1,629.60	40	\$17.84	\$713.60	128%	\$916.00
Liners 43 x 48 17 micron - cs	60	\$43.14	\$2,588.40	60	\$23.37	\$1,402.20	85%	\$1,186.20
8" x 800' brown roll towels 6/cs	140	\$59.94	\$8,391.60	140	\$26.35	\$3,689.00	127%	\$4,702.60
			\$15,438.00			\$6,955.20		\$8,482.80

Purchase Order 2007-11-379 - August 17, 2006

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Super Coach with attachment kit	2	\$895.00	\$1,790.00	2	\$318.75	\$637.50	181%	\$1,152.50
14" carpetwin Advance vacuum	5	\$1,050.00	\$5,250.00	5	\$448.50	\$2,242.50	134%	\$3,007.50
60" Dust mop handle - ea	12	\$29.95	\$359.40	12	\$3.02	\$36.24	892%	\$323.16
			\$7,399.40			\$2,916.24		\$4,483.16

Purchase Order 2007-11-810 - November 16, 2006

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Vinyl exam gloves small powder free - 10/100 case	1	\$179.95	\$179.95	1	\$39.40	\$39.40	357%	\$140.55
X Large vinyl gloves 10/100 pkg case	2	\$179.95	\$359.90	2	\$57.74	\$114.80	212%	\$245.10
Vinyl exam glove medium powder free 10/cs	4	\$179.95	\$719.80	4	\$39.40	\$157.60	357%	\$562.20
Latex exam glove large powder free 10/100 cs	4	\$179.95	\$719.80	4	\$80.94	\$323.76	122%	\$396.04
Betco Pine Disinfectant	10	\$101.70	\$1,017.00	10	\$32.50	\$325.00	213%	\$692.00
24" x 33" Liners cs/1000	10	\$40.74	\$407.40	10	\$18.15	\$181.50	124%	\$225.90
32002 Easynap wht emp disp napkin	15	\$131.95	\$1,979.25	15	\$54.72	\$820.80	141%	\$1,158.45
8" x 800' brown roll towels 6/cs	15	\$59.95	\$899.10	15	\$26.35	\$395.25	128%	\$503.85
8" x 350' brown roll towel Fort James / 12 per case	20	\$47.94	\$958.80	20	\$18.36	\$367.20	161%	\$591.60
Liners 43 x 48 17 micron - cs	25	\$53.95	\$1,348.75	25	\$23.37	\$584.25	131%	\$764.50
Carpet Twin 14" vac bags pkg 10	50	\$27.95	\$1,397.50	150	\$9.00	\$1,350.00	211%	\$47.50
			\$9,987.25			\$4,659.56		\$5,327.69

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Purchase Order 2007-21-79 - January 24, 2007

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Extraction cleaner - case	2	\$79.95	\$159.90	2	\$41.05	\$82.10	95%	\$77.80
10# White cleaning rags	3	\$47.94	\$143.82	3	\$20.80	\$62.40	130%	\$81.42
77 Sanisac Liner	4	\$71.94	\$287.76	4	\$14.39	\$57.56	400%	\$230.20
3M 20" white super polish pad - 5 c/s	6	\$59.95	\$359.70	6	\$18.92	\$113.52	217%	\$246.18
Liners 43 x 48, 17 micron - cs	40	\$48.95	\$1,958.00	40	\$23.37	\$934.80	109%	\$1,023.20
James River coreless toilet tissue cz377	60	\$76.12	\$4,567.20	60	\$38.85	\$2,331.00	96%	\$2,236.20
			\$7,476.38			\$3,581.38		\$3,895.00

Purchase Order 2007-21-127 - April 23, 2007

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
8" x 800' brown roll towels 6 / cs	8	\$59.94	\$479.52	8	\$26.35	\$210.80	127%	\$268.72
Iron Stone acrylic seal - 5 gal	8	\$119.95	\$959.60	8	\$69.22	\$553.76	73%	\$405.84
Extreme floor stripper 5 gal	14	\$119.95	\$1,679.30	14	\$68.25	\$955.50	76%	\$723.80
5 GL clear reflect HS FIN IN BOX	20	\$143.95	\$2,879.00	20	\$61.80	\$1,236.00	133%	\$1,643.00
			\$5,997.42			\$2,956.06		\$3,041.36

Purchase Order 2008-21-39 - August 10, 2007

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Betco gum remover aerosol	2	\$107.95	\$215.90	2	\$29.65	\$29.65	264%	\$186.25
Winnings hands hand soap 4 gal	3	\$69.95	\$209.85	3	\$17.90	\$53.70	291%	\$156.15
Cinnamon air freshener 12 per case	3	\$114.98	\$344.94	3	\$34.67	\$104.61	232%	\$240.33
Enmotion Towel Cabinets	4	\$109.95	\$439.80	4	\$7.00	\$28.00	1471%	\$411.80
Time dispenser deod mountain peak 12/cs	4	\$114.98	\$459.92	4	\$34.87	\$139.48	230%	\$320.44
10# white cleaning rags	5	\$47.94	\$239.70	5	\$19.50	\$97.50	146%	\$142.20
Miscellaneous - Toilet tissue disp	8	\$29.95	\$239.60	8	\$0.00	\$0.00		\$239.60
Miscellaneous - Roll towel disp	8	\$49.95	\$399.60	8	\$15.00	\$120.00	233%	\$279.60
39460 Enmotion 800' bleached roll towel	10	\$99.94	\$999.40	10	\$45.80	\$458.00	118%	\$541.40
Lancer aggressive mop cleaner for command center	10	\$213.95	\$2,139.50	10	\$37.68	\$376.80	468%	\$1,762.70
Bath Mate non acid bowl cleaner for command center	10	\$213.95	\$2,139.50	10	\$59.84	\$598.40	258%	\$1,541.10
11219 Winnings hands B/B handsoap 900ML	10	\$89.95	\$899.50	10	\$29.47	\$294.70	205%	\$604.80
Foaming hand & bath soap 8/case	12	\$119.94	\$1,439.28	12	\$49.28	\$591.36	143%	\$847.92
Warehouse brooms	12	\$24.95	\$299.40	12	\$5.76	\$69.12	333%	\$230.28
H7658SG 22x16x58 Supr Hvy 60G Liners	20	\$45.54	\$910.80	20	\$20.80	\$416.00	119%	\$494.80
24" x 33" liners cs/1000	30	\$40.74	\$1,222.20	30	\$18.15	\$544.50	124%	\$677.70
9 1/2" chemical resistant sprayer each for 32 oz bottle	36	\$4.74	\$170.64	36	\$0.97	\$34.92	389%	\$135.72
Liners 43 x 48 17 micron - cs	50	\$53.95	\$2,697.50	50	\$23.37	\$1,168.50	131%	\$1,529.00
			\$15,467.03			\$5,125.24		\$10,341.79

Purchase Order 2008-21-40 - August 10, 2007

	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
8" x 350' brown roll towel Fort James / 12 per case	80	\$47.94	\$3,835.20	80	\$18.36	\$1,468.80	161%	\$2,366.40
James River coreless toilet tissue cz377	100	\$80.12	\$8,012.00	100	\$31.40	\$3,140.00	155%	\$4,872.00
8" x 800' brown roll towels 6/cs	100	\$59.94	\$5,994.00	100	\$20.45	\$2,045.00	193%	\$3,949.00
			\$17,841.20			\$6,653.80		\$11,187.40

**Skiatook Public Schools
Special Audit Report
May 1, 2004 through January 31, 2009**

**Attachment A
School Purchase Orders / Open Market Price**

Purchase Order 2008-21-50 - August 21, 2007								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Super Coach with attachment kit	2	\$895.00	\$1,790.00	2	\$318.75	\$637.50	181%	\$1,152.50
14" carpetwin Advance vacuum	4	\$1,295.95	\$5,183.80	4	\$448.50	\$1,794.00	189%	\$3,389.80
			\$6,973.80			\$2,431.50		\$4,542.30

Purchase Order 2008-21-40 - October 16, 2007								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
DC403 Defoamer - 4/gal	4	\$89.95	\$359.80	4	\$44.00	\$176.00	104%	\$183.80
H7658SG 22 X 16 x 58 Supr Hvy 60G Liners	10	\$59.95	\$599.50	10	\$20.80	\$208.00	188%	\$391.50
5 GL Clear Reflect HS FIN BAG IN BOX	12	\$143.95	\$1,727.40	12	\$61.80	\$741.60	133%	\$985.80
41 1/4 Qt Rubbermaid trash can black	12	\$59.95	\$719.40	12	\$10.88	\$130.56	451%	\$588.84
RCP2655GRA	12	\$149.95	\$1,799.40	12	\$55.85	\$670.20	168%	\$1,129.20
Bruitte twist on/off dolly	12	\$99.95	\$1,199.40	12	\$39.36	\$472.32	154%	\$727.08
			\$6,404.90			\$2,398.68		\$4,006.22

Purchase Order 2008-21-100 - November 27, 2007								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Vinyl exam gloves large	1	\$179.95	\$179.95	1	\$39.40	\$39.40	357%	\$140.55
Apa filter vac bags	1	\$48.95	\$48.95	1	\$144.00	\$144.00	-66%	-\$95.05
Vac Bag for Pro Team Back Pak pkg 10	12	\$48.75	\$585.00	2	\$20.25	\$40.50	141%	\$544.50
4/1 gal DM 120 oil dust mop treatment	3	\$109.95	\$329.85	3	\$46.49	\$139.47	137%	\$190.38
Carpe diem cleaner disinfectant 12/1 qt	2	\$129.95	\$259.90	4	\$39.22	\$78.44	231%	\$181.46
8 Box foam hand sanitizer	4	\$139.95	\$559.80	4	\$66.10	\$264.40	112%	\$295.40
Aerogreen foam hand soap 8 per case	6	\$139.95	\$839.70	6	\$53.60	\$6.00	161%	\$833.70
DM35 dust mop treatment	7	\$109.95	\$769.65	7	\$36.93	\$258.51	198%	\$511.14
3M 6X9 pads 20/per box	10	\$67.29	\$672.90	10	\$8.65	\$86.50	678%	\$586.40
Carpet Twin 14" vac bags pkg 10	12	\$48.00	\$576.00	12	\$12.96	\$155.52	270%	\$420.48
32 oz. bottle	12	\$2.34	\$28.08	12	\$0.50	\$6.00	368%	\$22.08
Chemical resistant spray nozzle	12	\$4.74	\$56.88	12	\$1.20	\$14.40	295%	\$42.48
			\$4,906.66			\$1,233.14		\$3,673.52

Purchase Order 2008-21-1000 - November 27, 2007								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
77 Sanisac Liner	8	\$71.94	\$575.52	8	\$14.39	\$115.12	400%	\$460.40
39460 Enmotion 800' bleached roll towel	12	\$99.94	\$1,199.28	12	\$47.07	\$564.84	112%	\$634.44
Betco Pine Disinfectant	12	\$101.70	\$1,220.40	12	\$30.80	\$369.60	230%	\$850.80
PH7 neutral cleaner 4/1 gal	12	\$76.96	\$923.52	12	\$20.47	\$245.64	276%	\$677.88
40 x 48 Hi-D 17 mic roll liner - 250/cs	15	\$53.95	\$809.25	15	\$33.68	\$505.20	60%	\$304.05
Carpet Twin 14" vac bags pkg 10	25	\$48.00	\$1,200.00	25	\$10.37	\$259.25	363%	\$940.75
Vac Bag for Pro Team Back Pak pkg 10	25	\$48.75	\$1,218.75	25	\$20.25	\$506.25	141%	\$712.50
H7658SG 22 X 16 x 58 Supr Hvy 60G Liners	30	\$59.95	\$1,798.50	30	\$20.80	\$624.00	188%	\$1,174.50
32 oz. bottle	144	\$2.34	\$336.96	144	\$0.55	\$79.20	325%	\$257.76
Chemical spray nozzle	144	\$4.74	\$682.56	144	\$1.20	\$172.80	295%	\$509.76
			\$9,964.74			\$3,441.90		\$6,522.84

**Skiatook Public Schools
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**Attachment A
School Purchase Orders / Open Market Price**

Purchase Order 2008-21-1192- April 23, 2008								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Medium lie flat looped end mop heads 12/per case	3	\$131.40	\$394.20	3	\$54.24	\$162.72	142%	\$231.48
Super Coach attachment kit	8	\$249.95	\$1,999.60	8	\$65.00	\$520.00	285%	\$1,479.60
8 Box foam hand sanitizer	30	\$139.95	\$4,198.50	30	\$66.10	\$1,983.00	112%	\$2,215.50
8" x 350' brown roll towel Fort James / 12 per case	40	\$53.95	\$2,158.00	40	\$19.38	\$775.20	178%	\$1,382.80
Liners 43 x 48 17 micron - cs	40	\$53.95	\$2,158.00	40	\$25.67	\$1,026.80	110%	\$1,131.20
James River coreless toilet tissue cz377	40	\$88.12	\$3,524.80	40	\$31.40	\$1,256.00	181%	\$2,268.80
			\$14,433.10			\$5,723.72		\$8,709.38

Purchase Order 2009-22-5 - July 1, 2008								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
32002 Easynap wht emp disp napkin	30	\$139.95	\$4,198.50	30	\$43.85	\$1,315.50	219%	\$2,883.00
			\$4,198.50			\$1,315.50		\$2,883.00

Purchase Order 2009-21-24 - August 13, 2008								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
Vinyl exam gloves large	1	\$199.95	\$199.95	1	\$39.40	\$39.40	407%	\$160.55
Vinyl exam glove medium powder free 10/cs	1	\$199.95	\$199.95	1	\$39.40	\$39.40	407%	\$160.55
Super Coach with attachment kit	2	\$1,095.00	\$2,190.00	2	\$318.75	\$637.50	244%	\$1,552.50
14" carpetwin Advance vacuum	4	\$1,495.95	\$5,983.80	4	\$491.54	\$1,966.16	204%	\$4,017.64
24 OZ cotton sewn end screw type 12/case	5	\$179.95	\$899.75	5	\$59.16	\$59.16	204%	\$840.59
Urinal screens with deodorized blocks 12 per box	10	\$89.95	\$899.50	10	\$18.00	\$180.00	400%	\$719.50
Lobby Pro upright dustpan	12	\$69.95	\$839.40	12	\$18.02	\$216.24	288%	\$623.16
36" x 60" Castellian red wiper mat	24	\$119.95	\$2,878.80	24	\$26.80	\$643.20	348%	\$2,235.60
			\$14,091.15			\$3,781.06		\$10,310.09

Purchase Order 2009-21-24 - August 13, 2008								
	Qty	Amount Paid by School			Open Market Price			Difference
		Unit Price	Total	Shipped	Unit Price	Total	Markup	
45 gallon H D dome top aggregate container driftwood color	6	\$899.95	\$5,399.70	6	\$412.54	\$2,475.24	118%	\$2,924.46
Aggregate panels 4/per carton river rock first RCP3975	6	\$299.95	\$1,799.70	6	\$146.28	\$877.68	105%	\$922.02
			\$7,199.40			\$3,352.92		\$3,846.48



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