

TECUMSEH PUBLIC SCHOOL DISTRICT NO. 631092

CROSS TIMBERS ELEMENTARY

POTTAWATOMIE COUNTY

SPECIAL AUDIT REPORT

JULY 1, 1999 THROUGH MAY 31, 2003



August 12, 2003

Honorable Richard Smothermon
District Attorney - District No. 23
325 N. Broadway
Shawnee, Oklahoma 74801

Transmitted herewith is the Special Audit Report of the Tecumseh Public School District No. 631092, Pottawatomie County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(H)**.

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

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 ensure 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 this special audit.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

table of contents

	page
Board of Education	4
State Auditor and Inspector's Report	5
Introduction	6
Concerns, Findings and Recommendations	7
Other Findings and Recommendations	13
Appendixes	16

index of specific concerns

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

- I. Concern:** *Possible irregularities in the proceeds of "cookie dough" fundraisers* 7
- II. Concern:** *Possible irregularities in the proceeds of "All 4 Kids" fundraisers* 9
- III. Concern:** *Possible irregularities in the proceeds of the "Express" catalog fundraiser* 11
- IV. Concern:** *Possible irregularities in the proceeds of the "sucker" sales* 12

BOARD OF EDUCATION

Robert Mayo President
Keith Hays Vice-President
Dean Rogers Clerk
Terry O'Rorke Member
Shawn Fleming Member

SUPERINTENDENT

Tom Wilsie



Board of Education
Tecumseh Public School District No. 631092
302 South Ninth Street
Tecumseh, Oklahoma 74873

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O. S. 2001, § 212(H)**, we performed a special audit with respect to the Tecumseh Public School District No. 631092, Cross Timbers Elementary, Pottawatomie County, Oklahoma for the period July 1, 1999 through May 31, 2003.

The objectives of our special audit primarily included, but were not limited to, the items listed in the "index of specific concerns" noted in the table of contents. 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 Tecumseh Public School District No. 631092, Cross Timbers Elementary, for the period July 1, 1999 through May 31, 2002. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and does not extend to any financial statements of the District taken as a whole.

This report is intended to provide information to the District Attorney, Board of Education, and Administration of the District. This restriction is not intended to limit the distribution of the report, which is a matter of public record when released.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style.

JEFF A. McMAHAN
State Auditor and Inspector

July 14, 2003

INTRODUCTION

The Independent School District No. 631092, Pottawatomie County, Oklahoma, (Tecumseh Independent School) is an integral part of the Oklahoma State System of Public Education as described in **70 O.S. 2001, § 1-101 et seq.**, the **Oklahoma School Code**. The Board of Education of the Tecumseh Public School District is responsible for the supervision, management and control of the District as provided by **70 O.S. 2001, § 5-117**. Both the Board of Education and the Tecumseh Public School District are subject to the provisions of the **Oklahoma School Code**.

The Tecumseh Public School District No. 631092 is audited annually by private independent auditors, and such audit reports were available for our review. The District Board of Education prepares an annual financial statement, presenting the financial position of the District as of the close of the previous fiscal year in accordance with the requirements of **68 O.S. 2001, § 3002**. The financial information presented was prepared from the District's records provided to us by the District Administration.

The State Auditor and Inspector conducted a special audit of the records of the Tecumseh Public School District, primarily those records relating to the District Attorney's concerns regarding Cross Timbers Elementary and are listed in the "index of specific concerns" noted in the table of contents. The results of the special audit are in the following report.

BOARD OF EDUCATION AND FIDUCIARY RESPONSIBILITIES

The Tecumseh Public School Board of Education and Superintendent have an obligation to act in the best interest of Tecumseh Public School as a whole. This fiduciary responsibility requires all funds belonging to the District be handled with scrupulous good faith and candor. Such a relationship requires that no individual shall take personal advantage of the trust placed in him or deal in such a way as to personally benefit him. When the Board of Education and the Superintendent accept responsibility to act in a fiduciary relationship, the law forbids them from acting in any manner adverse or contrary to the interest of the District.

BACKGROUND

The following information is based on an interview with the Superintendent. In April 2002, the Superintendent became aware of possible irregularities regarding fundraisers at Cross Timbers Elementary. At that time, the school conducted an internal investigation. Based on the findings of the internal investigation, the school's attorneys were contacted. The Superintendent was advised to either contact the independent auditor or wait until the annual audit was conducted.

After the independent auditor conducted the annual audit in January 2003, the Superintendent engaged the independent auditor to conduct a special audit on Cross Timbers Elementary. This special audit was completed in February 2003. **Title 70 O.S. 2001, § 22-103(B)** states:

"Findings of material weaknesses, qualifications of the auditor's report and of defalcations, or a report of lack of such findings, shall be communicated in writing to the board. **Upon completion of an audit, the auditor shall conduct the final exit interview at a meeting of the board. No part of the final exit interview shall be conducted with any employee of the board except in open meeting of the board;** provided, portions of the final exit interview related to matters which the board is authorized by law to consider in executive session may be so considered." (ea)

However, the Superintendent was advised by the school's attorneys not to provide the audit to the Board. The Board approved the contract and payment for the special audit; however, the Board has not been given a copy of the report or briefed on its contents.

In March 2003, the results of the audit were presented to the school's attorney. At that time, the Superintendent met with the principal and informed her of the investigation. Although the principal's contract wouldn't expire until June 30, 2003, the board approved the renewal of the contract for Fiscal Year 2004 on April 14, 2003.

In May 2003, the Superintendent gave the District Attorney a copy of the special audit. On May 14, 2003, our office was requested by the District Attorney to conduct a special audit of the activity fund at Cross Timbers Elementary.

CONCERNS, FINDINGS AND RECOMMENDATIONS

I. CONCERN: *Possible irregularities in the proceeds of "cookie dough" fundraisers.*

FINDING: Students at Cross Timbers Elementary sold "cookie dough" as a fundraiser in Fiscal Years 1999-00, 2000-01 and 2001-02. The Board approved the fundraisers for the following purposes:

FISCAL YEAR	PURPOSE
1999-00	Support Accelerated Reader Incentive Program
2000-01	Reading Incentives
2001-02	Landscaping, playground equipment, pavilion

The vendor prepares a Class/Team Report, which is a detailed listing of sales by each student. We were unable to compare each student's sales amount to the receipted amount (collected) because the Class/Team Report for Fiscal Years 1999-00 and 2000-01 could not be located.

Complete records are required to be maintained as required by **51 O.S. 2001, § 24A.4:**

"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 reflecting all financial business transactions relating thereto, except that such records may be disposed of as provided by law."

We traced amounts noted by the independent auditor, to the vendor's invoice, receipts and deposits. We concur with the amounts reported by the independent auditor. Those amounts are as follows:

FISCAL YEAR 2000	
Total cost (invoice)	\$ 9,912.00
Amount to be collected (cost + 45%)	16,520.00
Amount actually collected (receipts, deposits)	<u>14,987.00</u>
Gross sales over collections	(\$ 1,533.00)

TECUMSEH PUBLIC SCHOOL DISTRICT No. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

FISCAL YEAR 2001

Total cost (Invoice)	\$14,095.40
Amount to be collected (cost + 45%)	25,628.00
Amount actually collected (receipts, deposits)	<u>21,132.50</u>
Gross sales over collections	(\$ 4,495.50)

With the exception of a few receipts that were not signed or could not be located, the principal issued all of the receipts to the students for the monies collected.

FISCAL YEAR 2002

For Fiscal Year 2001-02, we obtained a Class/Team report and compared sales by student to the amount collected for that student. The variances between the sales amount and the amount received are listed on Appendix A.

Receipts issued by the site custodian indicated sales exceeded collections by (\$76.00). Receipts issued by the principal indicated sales exceeded collections by (\$1,975.00). In addition, there was \$608.00 in sales which could not be traced to a receipt. Therefore, it appears there is a total of **\$2,659.00** in student sales which cannot be traced to deposits.

The following is a reconciliation with the independent auditor for the 2001-02 "cookie dough" fundraiser:

Total Cost (invoice)	\$11,312.40
Amount to be collected (Class/Team Report)	20,568.00
Amount actually collected (receipts, deposits)	<u>17,909.00</u>
Gross sales over collections	(\$ 2,659.00)
Amount per independent auditor	(2,669.00)
Variance	\$ 10.00

The monies for the "cookie dough" fundraisers were collected from the customers before ordering the product from the vendor. It appears if monies were not collected from customers then those orders would not have been submitted to the vendor. Due to insufficient documentation, we were unable to determine the reason sales exceeded the amount collected. According to the vendor, he does not allow returns. In an interview, a parent of one student indicated that he delivered the entire amount to the office. The documentation indicated sales for this student were \$268.00; however, the receipt issued by the principal indicated only \$82.00 was collected, indicating a shortage of \$186.00.

In Fiscal Year 2000-01, we noted that the principal retained a significant amount of money for several days before giving it to the site custodian for deposit.

RECEIPT NUMBERS	RECEIPT DATES	TOTAL AMOUNT	SITE CUSTODIAN RECEIPT DATE	NUMBER OF DAYS
-----------------	---------------	--------------	-----------------------------	----------------

TECUMSEH PUBLIC SCHOOL DISTRICT NO. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

814273-814356	2/5/01 & 2/6/01	\$9561.00	2/12/01	6 days
814357-824420	2/7/01	\$7218.00	2/12/01	5 days
824421-824459	2/13/01 & 2/14/01	\$4280.50	2/20/01	7 days

This appears to be contrary to **70 O.S. 2001, § 5-129(A)**, which states in part:

“A. ... Deposits of funds subject to the requirements of the section shall be made daily; however, if the deposit for a day totals less than One Hundred Dollars (\$100.00), a 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).”

II. CONCERN: *Possible irregularities in the proceeds of “All 4 Kids” fundraisers.*

FINDING: Students at Cross Timbers Elementary sold “All 4 Kids” catalog items in Fiscal Years 2000-01 and 2001-02. The Board approved these fundraisers for the following purposes:

FISCAL YEAR	PURPOSE
2000-01	Rewards, reading incentives, reading store
2001-02	Landscaping, playground equipment, pavilion

We were able to obtain, from the vendor, the total sales for each student. The printout provided the amount to be collected. According to the vendor, each year a binder is delivered to the school. In this binder is the accounting for the fundraiser. The printouts we obtained from the vendor are part of the documents in the binder. School personnel were unable to locate the binders. **Title 51 O.S. 2001, § 24A.4** requires the school to maintain complete records.

According to **51 O.S. 2001, § 24A.4**:

“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 reflecting all financial business transactions relating thereto, except that such records may be disposed of as provided by law.”

For Fiscal Years 2000-01 and 2001-02, we compared the amount of sales to the amount receipted (collected) for each student. The variance between the sales amount and the amount receipted are listed in Appendix B.

In addition to the \$2,692.22 under-collected, there was also \$3,786.50 in sales that could not be traced to a receipt or a corresponding deposit. There was \$358.50 receipted that could not be traced to the invoice. The names on the receipts did not match any of the names on the invoice. All receipts in which there was a variance between the receipt amount and the amount sold were issued by the principal except for the two unsigned receipts and one receipt issued by another individual. We also noted \$696.00 in merchandise was returned and \$479.00 in returned checks, was not collected. It appears there was a total of **\$4945.22** in student sales that could not be traced to deposits.

The following is a reconciliation with the independent auditor for the 2000-01 “All 4 Kids” fundraiser:

Total Cost (invoice)	\$20,498.50
Amount to be collected (printout from vendor)	37,270.00

TECUMSEH PUBLIC SCHOOL DISTRICT No. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

Less items returned	(696.00)
Less returned checks not collected	<u>(479.00)</u>
Net amount to be collected	\$36,095.00
Amount actually collected (receipts, deposits)	\$30,791.28
Receipts not traced to invoice	<u>358.50</u>
Total amount collected	\$31,149.78
Gross sales over collections	(\$ 4,945.22)
Amount per independent auditor	\$ 6,090.22
Receipts we located, not in report	(710.50)
Uncollected return checks subtracted twice	<u>(479.00)</u>
Corrected Amount	\$ 4,900.72
Variance	\$ 44.50

The principal issued all of the receipts for this fundraiser. In addition to the \$1,764.08 under-collected, there was \$4,267.80 in sales which could not be traced to a receipt or corresponding deposit (See Appendix C). We also noted \$117.28 in merchandise was returned and an additional \$17.60 in late sales. It appears there is a total of **\$5,932.20** in student sales, which cannot be traced to receipts or corresponding deposits.

The following is a reconciliation with the independent auditor for the 2001-02 "All 4 Kids" fundraiser:

Total cost (invoice)	\$11,946.05
Amount to be collected (printout from vendor)	21,941.80
Less returns	<u>(117.28)</u>
Net amount to be collected	\$21,824.52
Amount actually collected (receipts, deposits)	\$15,892.32
Gross sales over collections	(\$ 5,932.20)
Amount per independent auditor	(5,825.18)
Less returns not included in report	117.28
Late orders not included in report	<u>(221.70)</u>
Corrected amount	\$ 5,929.60
Variance	\$ 2.60

The 2001-02 "All 4 Kids" fundraiser was established on a pre-collect basis. It appears if monies were not collected from the customers then those orders were not submitted. An interview with the vendor indicated the sales should match the amount collected, especially on a pre-collect. We were unable to determine the reason sales exceeded the amount collected.

Documentation obtained from the vendor indicated the principal ordered \$120.00 worth of merchandise in 2000-01 and \$121.00 in 2001-02. These amounts could not be traced to a receipt or corresponding deposit. There was no documentation indicating payment was received for the items purchased.

An interview with the vendor indicated he issues checks to reward the three top sellers. To qualify

TECUMSEH PUBLIC SCHOOL DISTRICT NO. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

as a top seller, all of the money from the students' orders would have to be collected. For Fiscal Year 2001-02 fundraiser, the vendor provided us copies of canceled checks to the top three sellers at Cross Timbers. Documentation indicated the dollar amount of sales for one of the student's was \$411.00. We were unable to trace this to a receipt or corresponding deposit. We received a sworn statement from the parent of this child indicating the entire amount was paid in cash. Documentation for one of the other students indicated sales totaling \$346.60; however, the receipt, issued by the principal, indicated only \$196.85 was collected. An interview with a parent of this child indicated the entire amount was turned into the office.

In addition, there was an instance in which documentation indicated the student's sales were \$142.00 and the receipt issued by the principal indicated that 82.00 was collected. We received a sworn statement from the parent indicating the money was given to the principal and that the principal informed the parent there was a shortage of approximately \$20.00 which was subsequently given to the principal.

III. CONCERN: *Possible irregularities in the proceeds of the Express Catalog fundraiser.*

FINDING: In March 1999, the Board approved a fundraiser for Cross Timber's students to sell Express catalogs for the purpose of purchasing Flipforms (platforms, tiered seating and standing risers).

It appears the school did not maintain records of the sales by student, which was provided to the school by the vendor. **Title 51 O.S. 2001, § 24A**, requires maintaining complete records. Also, we were unable to obtain the list from the vendor. We traced the amounts noted by the independent auditor to the vendor's invoice, receipts and deposits. Based on the procedures performed, we noted many of the receipts for this fundraiser were loose, not maintained in the receipt book and some could not be located. We utilized the detail transaction report and the bank statements to determine amount collected.

From our examination of receipts that could be located, the principal issued all of the receipts collected from the students. The following is a summary of our review:

Invoice amount (cost)	\$10,876.00
Less: Credits & Party Bonus	(509.00)
Total invoice amount	<u>\$10,367.00</u>
Total collections (receipts, deposits)	\$16,139.26
Total Sales (cost + 50% markup)	21,752.00
Less: credits & returns	(259.00)
Total amount that should have been collected	<u>21,493.00</u>
Amount collected over(under) amount ordered	(<u>\$ 5,353.74</u>)*
*Variance per independent audit report	(\$ 5,557.54)
Difference	\$ 203.80

Explanation of variance between independent auditor's report and our variance:

I.A. total collections	\$16,189.70
Our total collections	<u>16,139.26</u>
Difference	\$ (\$ 50.44)
I.A. projected retail sales	\$21,747.24

TECUMSEH PUBLIC SCHOOL DISTRICT NO. 631092
 CROSS TIMBERS ELEMENTARY
 SPECIAL AUDIT REPORT
 JULY 1, 1999 THROUGH MAY 31, 2003

Our amount less credits		21,493.00
	Difference	\$ <u>254.24</u>
		\$ <u>203.80</u>

Except for the \$203.80 variance, we agreed with the independent auditor that there is a significant variance between the amount which should have been collected, and the amount records indicate was actually collected.

IV. CONCERN: *Possible irregularities in the proceeds of the “sucker” sales.*

FINDING: We interviewed six (6) 5th grade teachers regarding the sale of “suckers”. One teacher indicated the sale of “suckers” was to be a learning experience for the kids and was not intended to be a fundraiser. However, the remaining five (5) 5th grade teachers interviewed indicated the sale of “suckers” was for a fundraiser to send the 5th grade students to a Redhawks game. The four (4) invoices from Clover Ranch dated March 18, 2001, April 18, 2001, August 24, 2001 and November 2, 2001, totaled \$1,872.00.

Based on interviews and the vendor’s invoice, the “suckers” were purchased for 25 cents and sold for 50 cents. If all the “suckers” purchased were sold for 50 cents the school should have collected a total of \$3,744.00. Based on interviews, the money from the sales was brought to the principal’s office. Due to the disarray of receipts, we could not rely on the few receipts that were issued to the teachers for “sucker” money. The site custodian appears to have been the only one who had issued the receipts and only when the money was brought to her for deposit. A receipt was not given to the teachers when the money was brought to the office.

We obtained the “sucker fundraiser” deposit amount from the District Activity Fund Custodian’s “Activity Fund Detail of Accounts” report to insure all deposits were accounted for. “Sucker” deposits noted were dated February 2002 through May 2002 and totaled \$1,284.35, indicating a shortage of \$2,459.65 (sales \$3,744.00 – deposits \$1,284.35).

* * *

Based on our review of the documentation supporting the six major fundraisers and the sale of suckers, it appears there is a total of \$27,378.31 in sales, which could not be traced to deposits. According to the superintendent, Cross Timbers is the only school in the district in which the principal is actively involved in collecting monies. It appears, in most instances, the fundraisers were primarily handled by the principal while there is an activity fund custodian in the office.

1999-00 Cookie Dough	\$ 1,533.00
2000-01 Cookie Dough	4,495.50
2001-02 Cookie Dough	2,659.00
2000-01 All 4 Kids	4,945.22
2001-02 All 4 Kids	5,932.20
1999-00 Express Catalog	5,353.74
Sale of Suckers	<u>2,459.65</u>
Total	<u>\$27,378.31</u>

As provided by **21 O.S. 2001, § 341:**

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

TECUMSEH PUBLIC SCHOOL DISTRICT No. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

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

* * *

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

* * *

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

RECOMMENDATION: With the exception of the carnival, fundraisers at Cross Timbers Elementary have been discontinued. The proper authorities should review the findings and determine what action, if any, may be necessary including restitution.

In addition, the Board should adopt and enforce a uniform set of internal control policies and procedures governing activity funds that include the following:

1. Designate an activity fund custodian at each site to be solely responsible for collecting all monies.
2. Whenever possible count the money in the presence of the person who has brought it and issue a pre-numbered receipt to him/her and retain a copy of it in the receipt book.
3. Issue pre-numbered receipts in duplicate for all; monies received. Receipts should include type of collection (i.e. cash, check or money order, etc.). If both cash and checks are received, the dollar amount of both cash and checks should be noted. The receipts should also describe the nature of the collection (i.e. cookie dough fundraiser).
4. Maintain a journal of all monies collected.
5. Deposit daily with the District custodian on a daily basis in accordance with **70 O.S. 2001, § 5-129(A)**.
6. Maintain any individual sales records provided to the District by the vendor.
7. Reconcile sales to collections for all fundraisers.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING: During our examination, it was noted that monies collected from the various fundraisers were maintained in one subaccount within the Cross Timbers activity fund. The monies collected from these fundraisers were to be used for specific purposes. Of the seven (7) fundraisers reviewed, six (6) were approved by the Board of Education for the following specific purposes:

TECUMSEH PUBLIC SCHOOL DISTRICT No. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

MONTH APPROVED	FUNDRAISER	PURPOSE
March 1999	Express (x-mas)	Flipforms (platforms, tiered seating, standing risers)
Feb 2000	Regal (cookie dough)	To support Accelerated Reader program
June 2000	All 4 Kids (x-mas)	Student reward, reading incentives, reading store
June 2000	Regal (cookie dough)	Reading incentives
June 2001	All 4 Kids (x-mas)	Landscaping, playground equipment, pavilion
June 2001	Landscaping (cookie dough)	equipment, pavilion

The May 31, 2003 ending balance of the Cross Timbers “fundraising” account was \$1,947.26. For example, the “All 4 Kids” and the “Regal” fundraisers were for landscaping, playground equipment, and a pavilion. Even with the deposit variances included, the Regal fundraiser should have had approximately \$6,596.60 (total orders \$20,568.00 – invoice \$11,312.40 – deposit variance \$2,659.00) to have been expended for its purpose. The “All 4 Kids” fundraiser should have had approximately \$4,063.55 (total orders \$21,924.20 – invoice \$11,946.05 – deposit variance \$5,914.60) to be expended for its purpose.

Since the monies collected for these fundraisers are maintained in one (1) subaccount, we cannot determine if the monies collected were used for the purposes intended. This practice appears to be contrary to **70 O.S. 2001, § 5-129A, B**, which states in pertinent part:

“A. 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 listed in subsection B of this section that are conducted in the school district. Such funds shall be deposited to the credit of the account maintained for the benefit of the particular activity within the school activity fund...Disbursements from each of the activity accounts shall be by check countersigned by the school activity fund custodian and *shall not be used for any purpose other than that for which the account was originally created*. The board of education, at the beginning of each fiscal year and as needed during each fiscal year, shall approve all school activity fund subaccounts, all subaccount fund raising activities and all purposes for which the monies collected in each subaccount can be expended. (ea)

B. The board of education of each school district may designate that any of the following revenue be deposited for the use of specific school activity accounts, or to a general activity fund[.]”

In addition, we did not locate approval in Board minutes pertaining to the “suckers” that were sold at Cross Timbers.

RECOMMENDATION: We recommend the school implement procedures as prescribed in the above-cited statutes to properly account for specific-purpose fundraisers. This would insure all fundraising monies are expended for the purpose they were intended.

FINDING: During the course of our special audit, we received sworn statements from two employees from a nearby gaming establishment. One statement indicated that since the early 1990s, the

TECUMSEH PUBLIC SCHOOL DISTRICT No. 631092
CROSS TIMBERS ELEMENTARY
SPECIAL AUDIT REPORT
JULY 1, 1999 THROUGH MAY 31, 2003

principal had been a frequent customer. The other individual stated that on several occasions, she observed the principal playing machines during school hours.

* * * * *

Throughout this report there are numerous references to state statutes and legal authorities which appear to be potentially relevant to issues raised by the District Attorney and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory law enforcement, and judicial authorities designated by law.

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

Cookie Dough Fundraiser

APPENDIX A

FISCAL YEAR 2002

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Site Custodian	253269	1/30/02	\$154.00	\$158.00	(\$4.00)
Site Custodian	253293	1/30/02	42.00	46.00	(4.00)
Site Custodian	252668	2/01/02	282.00	292.00	(10.00)
Site Custodian	253243	1/29/02	112.00	122.00	(10.00)
Site Custodian	252669	2/04/02	40.00	30.00	10.00
Site Custodian	253258	1/29/02	358.00	364.00	(6.00)
Site Custodian	253299	2/01/02	52.00	64.00	(12.00)
Site Custodian	253300	2/01/01	150.00	154.00	(4.00)
Site Custodian	253292	1/30/02	360.00	374.00	(14.00)
Site Custodian	253278	1/30/02	136.00	126.00	10.00
Site Custodian	253253	1/29/02	50.00	54.00	(4.00)
Site Custodian	253261	1/29/02	216.00	218.00	(2.00)
Site Custodian	252671	2/04/02	44.00	34.00	10.00
Site Custodian	252664	2/01/01	170.00	204.00	(34.00)
Site Custodian	253265	1/29/02	490.00	492.00	(2.00)
Site Custodian	Totals		<u>\$2,656.00</u>	<u>\$2,732.00</u>	<u>(\$76.00)</u>
Principal	317029	2/04/02	\$ 156.00	\$ 178.00	(\$22.00)
Principal	316974	1/29/02	100.00	190.00	(90.00)
Principal	317005	1/29/02	94.00	154.00	(60.00)
Principal	316971	1/29/02	67.00	102.00	(35.00)
Principal	317030	2/06/02	47.00	178.00	(131.00)
Principal	316999	1/29/02	46.00	66.00	(20.00)
Principal	316978	1/29/02	66.00	102.00	(36.00)
Principal	316979	1/29/02	142.00	232.00	(90.00)
Principal	317024	1/31/02	64.00	112.00	(48.00)
Principal	317000	1/29/02	70.00	72.00	(2.00)
Principal	317032	2/06/02	82.00	268.00	(186.00)

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	316968	1/29/02	50.00	228.00	(178.00)
Principal	316982	1/29/02	44.00	124.00	(80.00)
Principal	316960	1/29/02	108.00	238.00	(130.00)
Principal	316972	1/29/02	50.00	180.00	(130.00)
Principal	316989	1/29/02	40.00	42.00	(2.00)
Principal	316983	1/29/02	159.00	186.00	(27.00)
Principal	317012	1/30/02	94.00	96.00	(2.00)
Principal	317013	1/30/02	128.00	180.00	(52.00)
Principal	317019	1/30/02	138.00	158.00	(20.00)
Principal	316985	1/29/02	137.00	418.00	(281.00)
Principal	316984	1/29/02	178.00	180.00	(2.00)
Principal	317015	1/30/02	164.00	178.00	(14.00)
Principal	316998	1/29/02	202.00	222.00	(20.00)
Principal	317026	2/01/02	124.00	170.00	(46.00)
Principal	316964	1/29/02	150.00	160.00	(10.00)
Principal	316967	1/29/02	86.00	156.00	(70.00)
Principal	316992	1/29/02	162.00	164.00	(2.00)
Principal	316986	1/29/02	138.00	182.00	(44.00)
Principal	317034	2/06/02	100.00	132.00	(32.00)
Principal	317025	1/31/02	80.00	106.00	(26.00)
Principal	316965	1/29/02	40.00		40.00
Principal	316966	1/29/02	22.00	32.00	(10.00)
Principal	317023	1/31/02	36.00	48.00	(12.00)
Principal	317009	1/29/02	144.00	210.00	(66.00)
Principal	317003	1/29/02	150.00	158.00	(8.00)
Principal	317033	2/06/02	124.00	50.00	74.00
Principal	316970	1/29/02	97.00	162.00	(65.00)
Principal	316973	1/29/02	106.00	108.00	(2.00)
Principal	317004	1/29/02	172.00	180.00	(8.00)
Principal	316981	1/29/02	70.00	100.00	(30.00)
Principal	Totals		<u>\$4,227.00</u>	<u>\$6,202.00</u>	<u>(\$1,975.00)</u>

All 4 Kids Fundraiser

APPENDIX B

FISCAL YEAR 2001

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	814202	10/18/01	\$232.00	\$240.00	(\$8.00)
Principal	277979	10/04/01	80.50	120.50	(40.00)
Principal	277912	9/08/01	35.50	60.50	(25.00)
Principal	814241	11/01/01	116.50	171.00	(54.50)
Not signed	277999	10/05/01	105.50	217.00	(111.50)
Principal	214373	10/15/01	592.50	595.50	(3.00)
Principal	214345	10/12/01	115.50	144.00	(28.50)
Principal	214394	10/17/01	84.50	159.50	(75.00)
Principal	214357	10/12/01	134.50	127.50	7.00
Principal	214386	10/13/01	146.00	231.50	(85.50)
Principal	814265	12/04/01	97.00	94.50	2.50
Principal	814268	12/04/01	161.50	256.00	(94.50)
Principal	214391	10/17/01	100.00	105.00	(5.00)
Principal	214383	10/13/01	115.00	114.50	0.50
Principal	214379	10/13/01	129.50	199.50	(70.00)
Principal	214355	10/12/01	490.00	489.50	0.50
Principal	814214	10/18/01	211.00	224.50	(13.50)
Principal	214399	10/17/01	130.00	128.00	2.00
Principal	214369	10/12/01	113.50	126.50	(13.00)
Principal	214353	10/12/01	43.75	57.00	(13.25)
Principal	277911	9/06/01	*57.00		
Principal	214376	10/12/01	*69.50	*127.00	(0.50)
Principal	277901	9/06/01	*57.50		
Principal	814233	10/24/01	*63.00	*136.00	(15.50)
Principal	277947	10/04/01	126.00	141.00	(15.00)
Principal	814206	10/18/01	122.00	142.50	(20.50)
Principal	214359	10/12/01	46.00	106.00	(60.00)
Principal	214322	10/09/01	233.50	235.50	(2.00)

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Teacher	214339	10/09/01	332.50	393.50	(61.00)
Principal	814203	10/18/01	495.00	531.00	(36.00)
Principal	814249	11/03/01	166.00	204.50	(38.50)
Principal	214354	10/12/01	226.00	256.00	(30.00)
Principal	214351	10/12/01	106.00	113.00	(7.00)
Principal	814234	10/27/01	71.50	92.00	(20.50)
Principal	277988	10/04/01	15.00	45.00	(30.00)
Principal	214392	10/17/01	148.00	155.00	(7.00)
Principal	277971	10/04/01	84.00	114.00	(30.00)
Principal	214393	10/17/01	69.50	56.50	13.00
Principal	214365	10/12/01	70.00	57.00	13.00
Principal	814225	10/23/01	134.00	131.00	3.00
Principal	814207	10/18/01	94.50	116.00	(21.50)
Principal	277989	10/04/01	154.50	214.50	(60.00)
Principal	214388	10/13/01	347.00	455.00	(108.00)
Principal	814257	11/08/01	46.00	54.00	(8.00)
Principal	814227	10/23/01	131.50	144.00	(12.50)
Principal	214381	10/13/01	122.50	182.50	(60.00)
Principal	277903	9/06/01	*53.50		
Principal	277998	10/05/01	*64.50	*178.00	(60.00)
Principal	814252	11/06/01	130.00	128.50	1.50
Principal	814255	11/06/01	256.50	274.00	(17.50)
Principal	814261	11/08/01	297.00	290.50	6.50
Not signed	214309	10/06/01	452.00	497.00	(45.00)
Principal	277949	10/04/01	185.53	185.50	0.03
Principal	814262	11/09/01	*15.00		
Principal	277964	10/04/01	*253.50	*354.50	(86.00)
Principal	214304	10/06/01	152.00	179.50	(27.50)
Principal	214314	10/09/01	113.50	151.00	(37.50)
Principal	277951	10/04/01	35.50	215.50	(180.00)

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	814258	11/08/01	114.50	122.00	(7.50)
Principal	277910	9/06/01	51.00	128.00	(77.00)
Principal	214360	10/12/01	8.50	16.50	(8.00)
Principal	277950	10/04/01	36.50	75.50	(39.00)
Principal	214316	10/09/01	44.00	52.50	(8.50)
Principal	214362	10/12/01	142.00	242.00	(100.00)
Principal	814208	10/18/01	*140.00		
Principal	814210	10/18/01	*474.50	*474.50	140.00
Principal	814267	12/04/01	22.50	31.50	(9.00)
Principal	214349	10/12/01	174.00	179.50	(5.50)
Principal	814205	10/18/01	145.50	295.00	(149.50)
Principal	277996	10/05/01	258.00	317.50	(59.50)
Principal	214377	10/13/01	108.00	118.00	(10.00)
Principal	214342	10/12/01	201.50	264.00	(62.50)
Principal	277997	10/05/01	169.50	203.50	(34.00)
Principal	277987	10/04/01	148.00	157.00	(9.00)
Principal	277993	10/05/01	*407.00		
Principal	814260	11/08/01	*7.50	*449.50	(35.00)
Principal	214370	10/12/01	76.00	176.00	(100.00)
Principal	214346	10/12/01	135.00	165.00	(30.00)
Principal	814264	11/14/01	136.00	124.00	12.00
Principal	814242	11/01/01	311.00	390.50	(79.50)
Principal	214305	10/06/01	76.00	121.00	(45.00)
Principal	277953	10/04/01	120.50	141.50	(21.00)
Principal	277980	10/04/01	190.50	220.50	(30.00)
Principal	277913	9/08/01	*16.50		
Principal	814219	10/18/01	*81.50	*106.50	(8.50)
Principal	214382	10/13/01	116.50	117.00	(0.50)
Principal	214398	10/17/01	381.00	468.50	(87.50)
Principal	277907	9/06/01	97.50	118.00	(20.50)

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	814232	10/23/01	104.00	175.50	(71.50)
Principal	214347	10/12/01	479.50	486.50	(7.00)
Principal	277990	10/04/01	62.00	82.00	(20.00)
Principal	814250	11/03/01	*557.00		
Principal	814263	11/10/01	*24.50	*583.50	(2.00)
Principal	814247	11/03/01	19.50	39.00	(19.50)
Totals			<u>\$14,467.78</u>	<u>\$17,160.00</u>	<u>(\$2,692.22)</u>

*Two receipts were used for one sales invoice.

All 4 Kids Fundraiser

APPENDIX C

FISCAL YEAR 2002

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	253450	9/25/02	\$108.45	\$108.00	\$0.45
Principal	316922	9/26/02	95.50	96.00	(0.50)
Principal	253368	9/19/02	80.50	93.00	(12.50)
Principal	253422	9/24/02	80.09	80.10	(0.01)
Principal	253391	9/24/02	111.27	167.70	(56.43)
Principal	253392	9/24/02	94.00	102.60	(8.60)
Principal	253451	9/25/02	90.50	89.50	1.00
Principal	253410	9/24/02	89.20	89.30	(0.10)
Principal	316905	9/25/02	96.09	96.10	(0.01)
Principal	253430	9/24/02	52.60	53.10	(0.50)
Principal	253433	9/24/02	87.00	117.00	(30.00)
Principal	316930	9/27/02	175.50	160.50	15.00
Principal	316935	10/01/02	*39.50		
Principal	316948	11/05/02	*87.00	*224.00	(97.50)
Principal	316887	9/25/02	*6.50		
Principal	316938	10/07/02	*7.00	*95.00	(81.50)
Principal	316919	9/26/02	141.49	128.00	13.49
Principal	253429	9/24/02	124.49	139.10	(14.61)
Principal	253382	9/24/02	*44.50		
Principal	316953	11/07/02	*34.50	*95.00	(16.00)
Principal	253406	9/24/02	89.50	87.50	2.00
Principal	253415	9/24/02	48.50	47.50	1.00
Principal	253452	9/25/02	117.50	118.50	(1.00)
Principal	316885	9/25/02	73.50	74.00	(0.50)
Principal	253434	9/24/02	99.85	80.50	19.35
Principal	253441	9/24/02	108.00	208.00	(100.00)
Principal	316883	9/25/02	74.00	74.50	(0.50)
Principal	316888	9/25/02	79.20	159.20	(80.00)

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	253360	9/18/02	64.50	94.50	(30.00)
Principal	253428	9/24/02	91.49	91.50	(0.01)
Principal	253459	9/25/02	120.50	121.00	(0.50)
Principal	316881	9/25/02	93.50	94.50	(1.00)
Principal	316939	10/23/02	32.50	33.60	(1.10)
Principal	316936	10/01/02	84.10	88.10	(4.00)
Principal	316947	11/05/02	95.50	113.00	(17.50)
Principal	253358	9/18/02	80.99	114.50	(33.51)
Principal	316913	9/25/02	85.80	166.50	(80.70)
Principal	253393	9/24/02	108.10	201.00	(92.90)
Principal	253432	9/24/02	48.35	107.60	(59.25)
Principal	316893	9/25/02	*60.00		
Principal	316937	9/26/02	*14.50	*102.60	(28.10)
Principal	253444	9/25/02	86.49	86.50	(0.01)
Principal	253387	9/24/02	**120.00	**46.50	
Principal	253387	9/24/02		**66.50	7.00
Principal	316950	11/05/02	47.60	191.70	(144.10)
Principal	253456	9/25/02	15.00	24.00	(9.00)
Principal	253437	9/24/02	29.60	30.10	(0.50)
Principal	316944	11/05/02	105.00	101.00	4.00
Principal	316945	11/05/02	85.50	125.50	(40.00)
Principal	253381	9/24/02	76.10	166.10	(90.00)
Principal	253365	9/19/02	90.00	89.50	0.50
Principal	253442	9/24/02	447.10	340.20	106.90
Principal	316898	9/25/02	98.50	99.00	(0.50)
Principal	316897	9/25/02	78.00	83.00	(5.00)
Principal	253455	9/25/02	152.60	151.10	1.50
Principal	316955	11/14/02	34.00	157.50	(123.50)
Principal	316910	9/25/02	93.60	86.60	7.00
Principal	316916	9/26/02	7.00	101.00	(94.00)

ISSUED BY	RECEIPT NUMBER	RECEIPT DATE	RECEIPT AMOUNT	SALES PER INVOICE	COLLECTIONS OVER (UNDER) SALES
Principal	253423	9/24/02	196.85	346.60	(149.75)
Principal	253386	9/24/02	91.00	91.50	(0.50)
Principal	316934	10/01/02	53.10	59.70	(6.60)
Principal	253369	9/21/02	38.24	38.50	(0.26)
Principal	253385	9/24/02	98.49	98.50	(0.01)
Principal	253431	9/24/02	79.10	79.20	(0.10)
Principal	253373	9/21/02	69.00	97.00	(28.00)
Principal	316892	9/25/02	73.00	72.00	1.00
Principal	316906	9/25/02	37.00	39.00	(2.00)
Principal	253363	9/19/02	14.50	29.50	(15.00)
Principal	316949	11/05/02	29.00	69.00	(40.00)
Principal	316912	9/25/02	196.00	196.50	(0.50)
Principal	253377	9/21/02	100.00	183.00	(83.00)
Principal	253443	9/24/02	13.50	98.50	(85.00)
Principal	316942	11/01/02	13.00	28.00	(15.00)
Principal	253384	9/24/02	64.50	66.00	(1.50)
Principal	316940	10/31/02	88.50	88.60	(0.10)
Principal	316902	9/25/02	330.70	341.70	(11.00)
Principal	253404	9/24/02	25.00	24.00	1.00
Principal	253421	9/24/02	93.00	93.50	(0.50)
Principal	253407	9/24/02	299.49	299.50	(0.01)
Principal	253366	9/19/02	68.00	96.00	(28.00)
Principal	253397	9/24/02	84.00	87.00	(3.00)
Principal	316954	11/14/02	33.50	53.00	(19.50)
Principal	253412	9/24/02	163.50	204.00	(40.50)
Principal	253356	9/18/02	82.00	142.00	(60.00)
Totals			<u>\$7,315.62</u>	<u>\$9,079.70</u>	<u>(\$1,764.08)</u>

*Two receipts were used for one sales invoice.

**One receipt was used for two sales invoices.