



TOWN OF BRAMAN

Forensic Audit Report

June 5, 2024

Cindy Byrd, CPA
State Auditor & Inspector

Town of Braman
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TO THE HONORABLE BRIAN HERMANSON, DISTRICT ATTORNEY, DISTRICT 8

Pursuant to 74 O.S. § 212(H), our forensic audit of the Town of Braman has been completed.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide services to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement. This report is a public document pursuant to the Oklahoma Open Records Act, 51 O.S. §§ 24A.1, *et seq.*

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



Town of Braman

Forensic Audit Report

Why We Performed This Audit

Town of Braman (Town) officials reported possible fraudulent activity to the Kay County Sheriff's Office, which resulted in District Attorney Brian Hermanson requesting a forensic audit in accordance with 74 O.S. § 212(H).

Executive Summary

Sandra Barrows served as the town clerk from November 2016 through April 17, 2019, when she resigned. Barrows was allowed to oversee the day-to-day operations of the Town with minimal involvement from the town treasurer and with little to no Board of Trustees (Board) oversight. These issues fostered an environment conducive to fraudulent activities.

Barrows misappropriated town funds totaling \$60,289. She improperly issued payments to herself without board approval, totaling \$30,300, and misappropriated utility cash collections, totaling \$29,989. (Page 1 and 5)

The Board failed to establish the town clerk's salary as required by law. (Page 5)

Several board agendas and minutes were missing or not complete. Board agendas that were available were vague, and the overall approach to conducting board meetings and documenting board actions was not in accordance with the Open Meeting Act. (Page 6)

Expenditures

Finding Between January 2018 and March 2019, Barrows, the former town clerk, issued improper payments to herself, resulting in a misappropriation of funds totaling \$30,300.

Reimbursements and payments totaling **\$30,300** were issued to Barrows, the former town clerk, without board approval and for no documented public purpose. These expenditures were not supported with appropriate receipts or invoices and checks were authorized with potentially fraudulent signatures.

Barrows issued checks to herself for various undocumented and unsupported purposes

Questionable Payments to Sandra Barrows January 2018 – March 2019	
Type of Transaction	Amount
Fire Dept. Runs and Meetings	\$9,080
Cleaning	\$7,200
Mowing	\$3,200
Travel	\$3,096
Mileage	\$2,913
Medical Reimbursement	\$2,601
Vacation Sellback	\$2,210
Total	\$30,300

including mowing, cleaning, mileage, travel, medical reimbursements, and the sale of vacation time. She also endorsed and cashed checks made payable to the “Town of Braman” that were noted in the check memo line as payments designated for various Braman Fire Department purposes. None of these transactions, totaling **\$30,300**, appeared to be for legitimate Town purposes.

Cleaning and Mowing

Barrows paid herself for mowing and cleaning services allegedly provided to the Town. Per interviews with board members and town employees, Barrows did not mow or clean for the Town. Twenty-one checks were issued, totaling **\$10,400**, in amounts ranging from \$150 to \$750 for mowing and cleaning. There was no evidence Barrows performed these services or any other work outside of her regular duties as town clerk. Most of these payments were not presented to the Board for approval, although check listings for several months could not be provided.


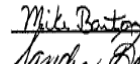
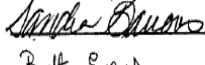

Mileage and Travel Reimbursements

Barrows reimbursed herself 17 times for mileage and travel expenses with no supporting documentation. Some of the expenses claimed by Barrows were also simultaneously charged to the Town’s debit card. For example, Barrows attended training in Norman on April 5, 2018, and claimed 285 miles for the trip. On the same day, the Town’s debit card was used to charge \$27.00 for fuel at a gas station in Norman. Regarding the same trip, Barrows also paid herself a travel reimbursement for lodging and food when the hotel charges and some food charges were charged to the Town’s debit card.

Barrow's Mileage Claim

April mileage 21	2018 Sandra
04/03/18	20 bank
04/05/18	285 training
04/06/18	20 bank
04/10/18	20 walmart and mayor
04/13/18	20 bank
04/16/18	20 bank
04/17/18	20 bank
04/19/18	20 bank
04/20/18	70 mayors lucheon
04/24/18	20 bank
04/25/18	20 bank
04/30/18	20 bank
04/30/18	134 Autry technology center for meeting
689 x .54 = \$372.06	


Reimbursement check for mileage

 Town of Braman P.O. BOX 48 BRAMAN, OK 74632 (580) 385-2169	BANC FIRST OKLAHOMA, N.A. BLACKWELL, OKLAHOMA 4/30/2018	013401 06-383 1600
	PAY TO THE ORDER OF Barrows, Sandra Three Hundred Seventy-Two and 06/100 \$ 372.06 DOLLARS	
Sandra Barrows po box 315 Braman Okla. 74632	 MAYOR	 TOWN CLERK
MEMO mileage for April 2018	 TOWN TREASURER	

April 2018 Debit Card Charges

Date	Deposits	Withdrawals	Location
4/05		27.00	POS PURCHASE CONOCO - CIRCLE NORMAN OK
4/06		7.04	POS PURCHASE ARBY'S 7331 GUTHRIE OK
4/09	.27		MERCHANT REBATE RBT CONOCO - CI EasySavings NY
4/09		7.52	POS PURCHASE HILTON GARDEN I NORMAN OK
4/11		24.70	POS PURCHASE USPS PO 3910230 BRAMAN OK

Travel Expense Reimbursement

 Town of Braman P.O. BOX 48 BRAMAN, OK 74632 (580) 385-2169		OKLAHOMA, N.A. BLACKWELL, OKLAHOMA 4/6/2018 013382	
PAY TO THE ORDER OF Barrows, Sandra Three Hundred Eighty-Nine and 70/100		\$389.70 DOLLARS	
Sandra Barrows po box 315 Braman Okla. 74632 4/06/2018		Mike Barton Sandra Barrows Betty Evans MAYOR TOWN CLERK TOWN TREASURER	
MEMO 660117077 54 \$ 389.70			


Sandra Barrows* p.o.box 48 Braman, OK, 74632 US	Arrival: 04/04/18 Departure: 04/05/18 Itinerary Number: R1057210041 Page No: 1 of 1
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Date	Description	Credits
03/19/18	HOTEL* BOOK ONLINE (MasterCard xxxx-xxxx-xxxx-7079)	US\$118.65

Barrows received eight travel expense reimbursements, totaling **\$3,096**, and nine mileage claim reimbursements, totaling **\$2,913**. Of these 17 transactions, 13 were not approved by the Board. Board approval for the remaining four transactions could not be confirmed because the corresponding check listings could not be provided.

Medical Reimbursements

Barrows reimbursed herself **\$2,601** for medical expenses. No documentation for these payments could be provided. There were no policies, ordinances, or agreements in place allowing for medical reimbursements. Two examples of these checks¹ are shown below; these checks were not approved by the Board.

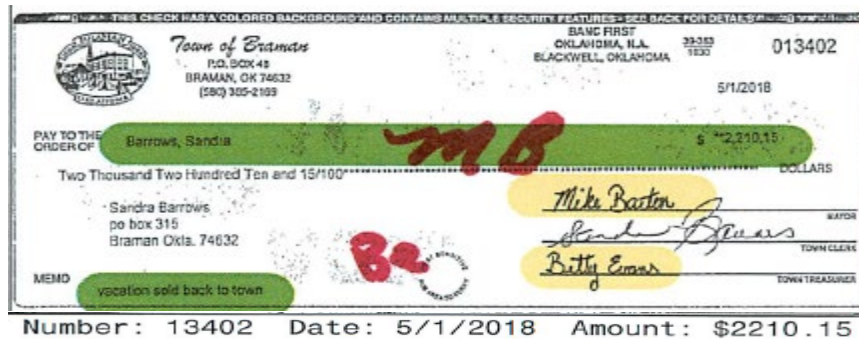
 Town of Braman P.O. BOX 48 BRAMAN, OK 74632 (580) 385-2169	OKLAHOMA, N.A. BLACKWELL, OKLAHOMA 12/7/2018 013704
PAY TO THE ORDER OF Barrows, Sandra Four Hundred Sixty-Eight and 81/100	\$468.81 DOLLARS
Sandra Barrows po box 315 Braman Okla. 74632 MEMO medical reimbursement	Mike Barton Sandra Barrows Betty Evans MAYOR TOWN CLERK TOWN TREASURER

 Town of Braman P.O. BOX 48 BRAMAN, OK 74632 (580) 385-2169	OKLAHOMA, N.A. BLACKWELL, OKLAHOMA 9/14/2018 013596
PAY TO THE ORDER OF Barrows, Sandra Three Hundred Ninety-Six and 54/100	\$396.54 DOLLARS
Sandra Barrows po box 315 Braman Okla. 74632 MEMO medical reimbursement	Mike Barton Sandra Barrows Betty Evans MAYOR TOWN CLERK TOWN TREASURER

¹ The "VOID" stamp on these checks was placed there by the bank and does not represent that the check was voided.

Vacation Time Sell Back

Barrows sold back **\$2,210** in vacation time without proper authorization and without board approval. The Town had no policies or ordinances concerning leave accruals or leave sell backs and there were no records maintained to track vacation and sick leave. This check was not included on the Board's monthly list of checks for approval.



Former trustees Michael Barton and Darlene Johns, and former treasurer Betty Evans were presented copies of all questionable checks written to Barrows. Barton, Johns, and Evans were asked to place their initials in red ink next to the checks they believed to be forgeries of their signatures. A total of 72 checks, including the one shown above, were noted as forged.

Town of Braman Payments

Barrows issued 22 payments totaling **\$9,080** to the Town of Braman for “fire runs” or other services related to the fire department such as “fire meetings” and “fire mileage.” The payments ranged from \$150 to \$580. The Braman Fire Chief asserted that the volunteer firemen previously received reimbursements of \$5 per fire run but because town funds were decreasing, they voted to stop the payments in April 2017. No fire run, fire meeting, or fire mileage was being paid to volunteer firemen. Burrows began issuing the unauthorized payments in January 2018 and endorsed and cashed all 22 checks. There was no evidence the funds were ever used in support of the firemen or the fire department. Two examples of the cashed checks are shown below. Seventeen of these payments were not approved by the Board. It was not possible to determine whether the remaining five payments were board approved because the corresponding check listings could not be provided.



Revenue

Barrows independently managed the Town's daily financial operations. This contributed to her ability to misappropriate cash without it being detected. The Town's cash deposits began to dwindle in April 2018 and the decline continued until April 2019 when Barrows resigned. Barrows went six months without depositing any cash. After she left office, the average cash deposits returned to approximately \$4,000 per month.

Finding *Utility collections totaling \$29,989 were misappropriated.*

Utility payment posting data was retrieved from the Town's software vendor. The data was then used to determine if cash payments from March 2018 through March 2019 had been posted to utility billing customers account but not deposited. The Town did not maintain cash receipts or bill stubs for customers who paid cash which meant auditors had to rely on the software system to account for cash payments.

For the months of September, October, and November 2018, cash totals posted to customer accounts were compared to the daily receipt reports and then reconciled to the bank deposit sources and utility billing stubs. For the additional 10 months, cash totals posted to customer accounts were reconciled to the bank deposits sources. For the 13 months reviewed, at least \$29,989 in cash payments were collected but not deposited.

Summary of Cash Utility Payment Transactions			
Month	Cash Posted	Cash Deposited	Undeposited Cash
Mar-18	\$3,935.08	\$3,630.36	\$304.72
Apr-18	\$2,786.84	\$1,209.47	\$1,577.37
May-18	\$2,409.56	\$661.68	\$1,747.88
Jun-18	\$1,777.03	\$445.59	\$1,331.44
Jul-18	\$4,173.12	\$916.93	\$3,256.19
Aug-18	\$3,340.18	\$43.27	\$3,296.91
Sep-18	\$2,813.25	-	\$2,813.25
Oct-18	\$2,471.05	-	\$2,471.05
Nov-18	\$2,877.60	-	\$2,877.60
Dec-18	\$1,655.77	-	\$1,655.77
Jan-19	\$2,861.40	-	\$2,861.15
Feb-19	\$3,548.15	-	\$3,548.15
Mar-19	\$4,084.09	\$1,836.56	\$2,247.53
Totals	\$38,733.12	\$8,744.11	\$29,989.01

Payroll

Finding *The Board failed to establish the clerk's salary for both her statutory duties and any additional duties.*

In addition to the questionable expenditures detailed above, Barrows received undocumented pay increases throughout her employment. Trustees could not recall the pay rate approved for Barrows when she was appointed to the position of clerk in 2016 and could not recall what pay

raises were given during her employment. The hiring of Barrows, her approved salary, and her pay increases were not documented in the Board meeting minutes.

According to statute,² and Article III, section 2-56(B) of the town's Code of Ordinances, the Board should establish the town clerk's compensation for both her statutory duties and any additional extra duties performed. There was no evidence the Board established or documented pay rates as required. As a result, there was not enough evidence to determine if the wages paid to Barrows, and the pay increases given, were allowable.

The Board should take measures to follow all ordinances and properly document their actions in all public meetings. The trustees should perform a detailed review of expenditures presented to them to verify salaries are being paid in accordance with the authorized amounts. All pay increases should be documented and properly approved.

Other Issues

The following issues were also noted during our investigation:

- The Board improperly voted in executive session³ to approve a Christmas bonus for the town clerk and water operator in 2017.
- The meeting agenda for monthly meetings did not include sufficient information to provide the public with adequate notice of proposed business in violation of the Open Meeting Act.⁴
- The Board frequently discussed and voted on items under "new business" which were not posted on the meeting agenda in violation of the Open Meeting Act.⁵
- The Town failed to obtain annual audits in a timely manner.⁶
- The Town did not utilize purchase orders or manage disbursements according to law.⁷
- The Town did not deposit funds daily as required by ordinance and statute.⁸
- The town treasurer's role was limited to signing checks, despite the ordinance and statutory requirement for the treasurer to maintain accounts and books to show the source of all monies and to deposit daily.⁹

² 11 O.S. § 12-109

³ 25 O.S. § 307

⁴ 25 O.S. § 303

⁵ 25 O.S. § 311

⁶ 11 O.S. § 17-105

⁷ 62 O.S. § 310.1, 11 O.S. § 17-102

⁸ 62 O.S. § 517.3, Ordinance Article VII, Section 2-181

⁹ 11 O.S. § 12-110, Ordinance Article II, Section 2-58

Final Comments

The issues addressed in this report reflect that the Town has experienced a financial loss at the hands of its former employee. Although these losses are ultimately the responsibility of the alleged perpetrator, some culpability can also be directed at those who served as board members over the course of the past several years. Several trustees asserted they were unaware of the former clerk's approved salary and extra duty pay and could not recall approving bonuses or raises. Some trustees also stated they had never seen the actual town books or any reports on income.

Even though several of the questionable transactions appeared to be purposefully hidden from the oversight of the Board, a timely review of bank statements, check registers, or monthly expenditure reports, should have brought some of the questionable transactions to light. Inherent to any small town, the lack of the ability to segregate duties limits the effectiveness of an internal control system to properly protect the assets of an entity. When this type of situation exists, it is imperative that the Board be vigilant in their oversight of financial transactions. The Board **must** become part of the internal control process by providing the increased oversight required to protect town assets. The Board ultimately bears responsibility for the financial welfare of the Town.

DISCLAIMER

This Office has no jurisdiction, authority, purpose, or intent by the issuance of this report to determine the guilt, innocence, culpability, or liability, if any, of any person or entity for any act, omission, or transaction reviewed. Such determinations are within the exclusive jurisdiction of regulatory, law enforcement, prosecutorial, and/or judicial authorities designated by law.