

TOWN OF SHAMROCK

JANUARY 1, 2005 THROUGH
DECEMBER 31, 2007

SPECIAL AUDIT



Oklahoma State Auditor
& Inspector

TOWN OF SHAMROCK

CREEK COUNTY

SPECIAL AUDIT REPORT

JANUARY 1, 2005 THROUGH DECEMBER 31, 2007

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. 2001, § 212(H) and 74 O.S. 2001, § 3105. Twenty-five copies have been prepared and distributed at a cost of \$62.56. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

June 23, 2010

Honorable Max Cook
District Attorney – District No. 24
Michael S. Loeffler
Assistant District Attorney
110 W. 7th
Sapulpa, Oklahoma 74010

Transmitted herewith is the Special Audit Report of the Town of Shamrock, Creek County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S. § 212(H)**.

A report of this type tends to be critical in nature; however, failure to report commendable features in the present accounting and operating procedures of the entity should not be interpreted to mean 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 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 our special audit.

Sincerely,

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

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**TOWN OF SHAMROCK
CREEK COUNTY
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TOWN BOARD OF TRUSTEES

- Melissa Lee Mayor
From December 2005 to current
- Ricky Hitsman Trustee
From March 2008 to current
- Mary VanZant Trustee
From April 2006 through November 2008
- Gary Noe Trustee
From May 2005 through February 2008
- James Bland Trustee
Through October 2005
- Norman Carroll Trustee
Through May 2005
- James Thompson Trustee
From April 2005 through April 2006
- Jim Vance Trustee
Through April 2005
- Sara Ferguson Clerk/Treasurer
February 2008 to current
- Roberta (Bobbi) Dunn Clerk/Treasurer
From February 2006 through July 2007
- Angela Foster Clerk/Treasurer
Through February 2006

STATE AUDITOR AND INSPECTOR

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State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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Honorable Melissa Lee, Mayor
Town of Shamrock
P.O. Box 351
Shamrock, Oklahoma 74068-0351

Dear Ms. Lee:

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. § 212(H)**, we performed a special audit with respect to the Town of Shamrock, Creek County, Oklahoma for the period January 1, 2005 through December 31, 2007.

The objectives of our special audit primarily included, but were not limited to, the objectives expressed by the District Attorney. Our findings related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Town of Shamrock for the period January 1, 2005 through December 31, 2007. 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 Town.

This report is intended solely for the information and use of the District Attorney, the Town Board of Trustees and its administration 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.

Sincerely,

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

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

June 23, 2010

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INTRODUCTION

The Town of Shamrock, Oklahoma is organized under the statutory town board of trustees form of government, as outlined in **11 O.S. § 12-101, *et seq.***

11 O.S. § 12-101, states:

The form of government provided by Sections 12-101 through 12-114 of this title shall be known as the statutory town board of trustees form of government. Towns governed under the statutory town board of trustees form shall have all the powers, functions, rights, privileges, franchises and immunities granted, or which may be granted, to towns. Such powers shall be exercised as provided by law applicable to towns under the town board of trustees form, or if the manner is not thus prescribed, then in such manner as the board of trustees may prescribe.

The Oklahoma State Auditor and Inspector (OSAI) conducted a special audit of the records of the Town, primarily those records relating to the objectives expressed by the District Attorney's request. The results of the special audit are in the following report.

BOARD OF TRUSTEES FIDUCIARY RESPONSIBILITY

The Board of Trustees for the Town of Shamrock has an obligation to act in the best interest of the Town as a whole. This fiduciary responsibility requires that all funds belonging to the Town 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 her. When the Board of Trustees accepts responsibility to act in a fiduciary relationship, the law forbids them from acting in any manner adverse or contrary to the interest of the Town. Further, the Town Clerk/Treasurer has a fiduciary responsibility to perform all statutory duties in maintaining accurate, complete, and reliable records for the Town of Shamrock.

OBJECTIVE I

Determine if there are irregularities in the Town's use of the Shamrock Cemetery Association Trust Fund and other Town loan agreements.

BACKGROUND

On April 28, 1979, the Town Board of Trustees approved Ordinance No. 179 establishing the Shamrock Cemetery Association Trust Fund and creating a Board of Trustees for the oversight of the funds. Restrictions for the Trust Fund are set forth as follows:

Interest from the afore mentioned [sic] trust fund shall be deposited into the Shamrock Cemetery Fund and used entirely for the care and beautification of the cemetery. The principal shall forever remain intact.

The duties of the Board of Trustees were to meet annually on the first Tuesday in March in the regular meeting place of the Town Board of Trustees to discuss and agree upon the use of the interest paid on the trust fund for the upcoming twelve (12) months.

On April 11, 2001, the Shamrock Cemetery Association was issued a \$20,000.00 Certificate of Deposit (CD) from SpiritBank. The 12-month CD was renewed yearly. On April 11, 2005, the CD was renewed and CD #241033 in the name of the Shamrock Cemetery Association was issued.

On June 2, 2005, Town minutes reflect the Board of Trustees went into executive session to discuss Town finances. The minutes included:

In order for the Town of Shamrock to make payroll on Monday, James Bland, Mayor and Angela Foster, Town Clerk, will go to the bank and borrow against a \$20,000 CD. The Town will use a portion of the monies for back bills that have to be paid and the rest in the general fund to be used as seen fit.

Although the minutes did not reflect a vote had actually occurred (Open Meeting issues are discussed later in this report) the following day the Mayor and Town Clerk entered into a loan agreement with SpiritBank and obtained \$20,050.00 under the name of the "Town of Shamrock" for the purpose of "operating expense for the Town of Shamrock." The loan proceeds were deposited into the Town's General Fund.

A security agreement included in the loan documentation reflected the loan was secured with CD #241033 from SpiritBank. However, CD #241033 was issued

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in the name of the Shamrock Cemetery Association. The security agreement indicates the CD was in the name of the Town of Shamrock.

The loan documents reflect the loan was to be repaid in 10 monthly payments of \$300.00 beginning on July 15, 2005, with a final balloon payment of \$17,987.03 on May 15, 2006.

By early 2006, the Town was behind in the \$300.00 monthly installment payments, and the bank began sending past due notices.

On March 6, 2006, the bank retired the loan by cashing in the Cemetery Association's Certificate of Deposit and applying \$19,011.46 as payment on the Town's loan. A handwritten memo by the bank loan officer was attached to the notification stating:

The certificate of deposit being held as collateral on the above referenced loan has been cashed in and the loan paid off due to consistent delinquency.

In addition to the \$20,000.00 questionable use of Cemetery Association funds for the benefit of the town, we found a similar situation involving another Cemetery Association Certificate of Deposit.

A March 25, 2002, agenda for the Shamrock Cemetery Association included "Discussion and possible action to purchase a Certificate of Deposit with the surplus funds available in the Cemetery Association account."

The handwritten minutes include:

Mayor exp. That 9,800. in Maint. Fund. We thought that the weaver's.
Mayor makes motion to put \$5000. In CD acct., Leslie seconds.

Following the March 25 meeting, on April 4, 2002, a \$5,000.00 Certificate of Deposit (CD #239424) in the name of the "Shamrock Cemetery Association" was obtained from SpiritBank.

On December 6, 2004, SpiritBank sent a letter to the Shamrock Cemetery Association notifying them the CD was renewed on December 4, 2004, with a current value of \$5,202.96 and a new maturity date of August 4, 2005.

On April 29, 2005, the CD was cashed in and the proceeds, which were now \$5,225.25, were deposited into the Town's general fund.

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FINDINGS

Ordinance 179 creating the Shamrock Cemetery Association included two key provisions. First, some “principal” amount of money was to be deposited and “shall forever remain intact” and any interest from the “principal” shall be used “entirely for the care and beautification of the cemetery.” Second, Ordinance 179 established the Trust Fund shall be “overseen by a Board of Trustees consisting of the existing Town Board Members and three (3) members selected at large.”

Because of the lack of records dating back to the ordinance passed in 1979, we have no means to determine if the \$20,000.00 CD obtained in 2001 was all or some part of the unspecified principal that was to “forever remain intact” or if some or all of the \$20,000.00 was the result of interest that was to be used “entirely for the beautification of the cemetery” or if the funds were from some other source.

The \$20,000.00 CD used by the Town for collateral was in the name of the Shamrock Cemetery Association. Therefore, it should have been under the control of the Cemetery Trust Fund Board of Trustees.

Because of the language contained in Ordinance 179, it does not appear the Town Board of Trustees had the authority to pledge funds belonging to the Cemetery Trust in order to obtain loans designed to benefit the Town.

With regards to the \$20,050.00 loan obtained by the Town, it appears this transaction occurred, at least in part, because the bank erroneously accepted the CD being used as loan collateral as being in the name of the Town of Shamrock, as shown in the image taken from the loan security agreement shown below.

<p><input checked="" type="checkbox"/> Specific Property Description: <i>The Property includes, but is not limited by, the following (if required, provide real estate description):</i></p> <p>CD #241033 FROM SPIRITBANK, AMOUNT: \$20,000.00, RATE: 3.11%, MATURITY: 05/11/2006 IN THE NAME OF TOWN OF SHAMROCK AND ALL FUTURE RENEWALS AND EXTENSIONS THEREOF</p>

As shown in the image below, the bank documentation for CD #241033 reflects the CD belonged to the Shamrock Cemetery Association and not to the Town of Shamrock.

ACCOUNT NUMBER 241033
ACCOUNT OWNER(S) NAME & ADDRESS Shamrock Cemetery Association P O Box 351 Shamrock, OK 74068-0351

The \$20,000.00 loan may have also violated **Article X § 26(a)** of the **Constitution of Oklahoma** which states, in part:

Except as herein otherwise provided, no county, city, town, township, school district, or other political corporation or subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof, voting at an election [.]

In this case, the Board approved and created debt the repayment of which, extended into the next fiscal year. Such action would require a vote and approval of three-fifths of the town's voters.

RECOMMENDATIONS We recommend the governing Board of the Shamrock Cemetery Association seek legal counsel to determine their options to recover all funds that may have been improperly used by the Town.

We recommend the District Attorney review these findings to determine what action, if any, may be required.

OBJECTIVE II

Review the Town's compliance with Open Meetings Laws.

FINDING

Meetings of the Town Board are governed by, and must conform with, the provisions of the Oklahoma State Laws found in Title 25 and known officially as the Oklahoma Open Meeting Act. The primary purpose of the Open Meeting laws is to "encourage and facilitate an informed citizenry's understanding of the governmental processes and governmental problems" as stated in **25 O.S. § 302**.

The Open Meeting Act provides that "any action taken in willful violation of this act shall be invalid" and provides for criminal penalties as well as set out in **25 O.S. § 314**, which states:

Any person or persons willfully violating any of the provisions of this act shall be guilty of a misdemeanor and upon conviction shall be punished by a fine not exceeding Five Hundred Dollars (\$500.00) or by imprisonment in the county jail for a period not exceeding one (1) year or by both such fine and imprisonment.

In the previous section, we reported the Town Board meeting minutes reflected the Town Board, on June 2, 2005, went into an executive session to discuss the

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Town's finances. Executive sessions are governed by **25 O.S. § 307**, which states:

No public body shall hold executive sessions unless otherwise specifically provided in this section.

The provisions of the law allow for executive sessions for discussion of the hiring of employees, disciplinary procedures related to employment, the purchase or appraisal of real property, confidential communications, and communications related to pending litigation, terrorism and/or things in which specific disclosure of such information may pose a risk to safety and security.

In cases where an executive session is warranted, state laws also require certain provisions be followed. Some of these provisions are set out in **25 O.S. § 311 (B) (2)** which provides if a public body proposes to conduct an executive session, the agenda shall:

- a. Contain sufficient information for the public to ascertain that an executive session will be proposed.
- b. Identify the items of business and purpose of the executive session; and
- c. State specifically the provision of Section 307 of this title authorizing the executive session.

The Open Meetings Act also specifically requires, in **Section 307 § (E)(2)**, that before entering into an executive session, the board members must approve, by recorded votes, that the executive session was approved.

In the case of the June 2, 2005, meeting, the Town was unable to provide an agenda indicating that both public notice of the meeting was given and that an executive session was planned during that meeting.

The meeting minutes do not include the recorded vote and approval of the board members approving the executive session as required by **25 O.S. § 307** and, in fact, give no indication such vote was even taken.

Further, from the meeting minutes, it appears the sole reasoning for the executive session was to discuss the town's finances, and there is no indication the subject matter of the executive session would fall under any of the allowable provisions defined by **25 O.S. § 307**.

The Open Meeting Act, specifically **25 O.S. § 305**, requires the votes of each member to be "publicly cast and recorded." Our review of the minutes, cited again here for convenience, included:

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In order for the Town of Shamrock to make payroll on Monday, James Bland, Mayor and Angela Foster, Town Clerk, will go to the bank and borrow against a \$20,000 CD. The Town will use a portion of the monies for back bills that have to be paid and the rest in the general fund to be used as seen fit.

Although it seems the board gave the authority for the Mayor and Town Clerk to indebt the Town, there is no indication of a vote and no record of a vote as required by **25 O.S. § 305**.

While reviewing meeting minutes, we also found minutes indicating the Town Board, on August 28, 2006, and then again on September 25, 2006, held a "Special Closed Meeting." The purpose of both meetings related to paying the Town's bills and other "outstanding debts."

The Open Meeting Act has no provisions for a "Special Closed Meeting."

During another "Special Closed Meeting" on November 25, 2006, the minutes reflect the following:

Melissa Lee made a motion to borrow \$8500 against the 2000 Crown Victoria, the 1999 Crown Victoria and the 1997 Dodge Intrepid police cars. Mary seconded, discussion followed, motion passed. It was agreed upon for the following people to sign the note: Roberta Dunn, town clerk; Mary VanZant, town trustee; and Melissa Lee, Mayor. Money to be distributed in the following manor: [sic]

1. \$5500 for OMAG, any extras will go back into general fund.
2. \$500 for recertification on radars.
3. \$500 for Judge/Lawyer fees 1st month of court.
4. \$1000 to general fund to be left in general fund unless otherwise discussed by council.
5. \$1000 to Roberta Dunn, town clerk for previous work hours.

In this case, the meeting minutes record "motion passed" without recording the votes as required by **25 O.S. § 305**. In relation to this motion, we also determined the Town did indeed use the three (3) police cars as collateral to obtain a loan.

On December 4, 2006, the Town obtained an \$8,613.00 loan from SpiritBank, to be repaid by 36 monthly payments of \$271.25. This loan created a debt obligation spanning three (3) fiscal years.

As previously noted, **Article X § 26(a)** of the **Constitution of Oklahoma** requires that no town may become indebted "for any purpose, to an amount

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exceeding, in any year, the income and revenue provided for such year” without the approval of three-fifths of the voters.

Finally, the meeting minutes for the November 25th, 2006 “Special Closed Meeting” indicate the meeting was called to order at 8:10 p.m. and was adjourned at 7:30 p.m.

We found similar issues related to the Cemetery Trust Association meeting minutes. As previously noted and cited again for convenience, the meeting minutes of the Cemetery Trust Association included:

Mayor exp. That 9,800. in Maint. Fund. We thought that the weaver’s.
Mayor makes motion to put \$5000. In CD acct., Leslie seconds.

This record of the public meeting, which is cryptic and incomplete, indicates a motion and second was made apparently to purchase a \$5,000.00 CD without indication if the motion was approved and with no recording of votes.

RECOMMENDATIONS We recommend the Town Board and the Cemetery Trust Association familiarize themselves with both the Open Meeting Act and the Oklahoma Constitution in order to comply with Oklahoma State Law with regard to both the procedures and actions being taken during meetings. We also recommend the meeting minutes be recorded in such a fashion to clearly describe what action is being voted on and recording the votes of each member present.

The practice of holding “special closed meetings” should be stopped.

We recommend the District Attorney review these findings to determine what action, if any, may be required.

OBJECTIVE III **Review payments for accrued leave.**

FINDING Section 04-2 and 04-3 of the Town’s Employee Handbook “Policy and Procedure” manual states:

4-2 Sick Leave
Employees are entitled to one personal-emergency day for each month worked. These may accrue to a total of 12 days in one calendar year, and may be used for time off due to illness.

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4-3 Bonus

Employees, who have not used any of their accrued personal-emergency days, may have the Town buy those days back from them in lieu of a bonus in December.

The former Clerk, Angela Foster, was hired in February 2005. In August 2005, Clerk Foster “cashed-in” 5 sick days in the amount of \$320.00, contrary to Town policy.

In addition, Clerk Foster had already used 16 hours of sick leave prior to this transaction leaving a negative 8 hours sick leave balance for the 6 months worked. The Town could not provide records or minutes that reflect Board approval of this transaction.

21 O.S. §§ 341 and 1451 state, in pertinent part, respectively:

§ 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 the people thereof, are directly or indirectly interested, who either:

First: Receives, directly or indirectly, any interest, profit or perquisites, arising from the use or loan of public funds in the officer’s or person’s hands or money to be raised through an agency for state, city, town, district, or county purposes; or

Second: 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 state ... or the people thereof, or in which they are interested; or

Third: Fraudulently alters, falsifies, cancels, destroys or obliterates any such account, 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 one (1) year nor more than twenty (20) years[.]

§ 1451 – A. Embezzlement is the fraudulent appropriation of property of any person or legal entity, legally obtained, to any use or purpose not intended or authorized by its owner, or the secretion of the property with the fraudulent intent to appropriate it to such use or purpose[.]

RECOMMENDATIONS OSAI recommends the Town Trustees follow the policies that have been established regarding the payment of unused leave. Management should implement internal controls, including documenting the accrual and use of leave

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and ensuring there is proper board approval with meeting minutes reflecting proper board approval for payments made.

OSAI recommends the proper authorities review this finding to determine what action, if any, may be required.

OBJECTIVE IV Review payment to the Town Clerk from the Cemetery Fund.

FINDING

During an investigation conducted by the Shamrock Police Department, former Clerk Angela Foster provided a written statement indicating she had issued three checks totaling \$850.00 from the Shamrock Cemetery Association without proper authorization.

Check Number	Date	Amount	Purpose
1028	9/1/2005	\$250.00	Payroll for August
1030	9/21/2005	\$300.00	September Payroll
1033	9/30/2005	\$300.00	Payroll 9/1/05 - 9/30/05
	Total	\$850.00	

This amount was in addition to her regular salary from the Town’s General Fund. In a written statement to the Town’s Assistant Chief of Police, the former Clerk admitted to signing the Mayor’s name to all three checks without his knowledge.

In addition to the statutes related to **21 O.S. §§ 341 and 1451**, previously cited in this report, **21 O.S. § 1577** states:

Every person who sells, exchanges or delivers for any consideration any forged or counterfeited promissory note, check, bill, draft, or other evidence of debt, or engagement for the payment of money absolutely, or upon any contingency, knowing the same to be forged or counterfeited, with intent to have the same uttered or passed, or who offers any such note or other instrument for sale, exchange or delivery for any consideration, with the like knowledge and intent, or who receives any such note or other instrument upon a sale, exchange or delivery for any consideration with the like knowledge and intent, is guilty of forgery in the second degree.

In the same written statement obtained by the Shamrock Police Department, former Clerk Foster also stated she had purchased items totaling \$267.92 for her personal use and paid for them with funds from the Town without authorization.

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RECOMMENDATIONS We recommend the Town and Cemetery Association implement sufficient internal controls to ensure payments being made are proper and have been authorized. These internal controls should include an independent reconciliation of bank statements.

We recommend the District Attorney review these findings to determine what action, if any, may be required.

OBJECTIVE V **Review petty cash records.**

FINDING The Town maintains a Petty Cash Fund. OSAI noted the following Petty Cash Fund reimbursements.

Date	Payee	Check		Signatures	Purpose	Support Documentation
		Number	Amount			
5/2/2005	Spirit Bank	5411	\$50.00	James Bland Angela Foster	Petty Cash	Purchase Order Only / No Receipts
9/1/2005	Spirit Bank	Temp Check	\$50.00	Angela Foster	Petty Cash	None
10/13/2005	Spirit Bank	Temp Check	\$100.00	Angela Foster	Petty Cash	None
10/24/2005	Spirit Bank	Temp Check	\$100.00	Angela Foster	Petty Cash	None
7/14/2006	Spirit Bank	5730	\$50.00	Gary Noe Roberta Dunn	Petty Cash	Purchase Order Only / No Receipts
9/12/2007	Cash	5885	\$60.00	Gary Noe Mary VanZant	Petty Cash	Purchase Order Only / No Receipts
9/28/2007	Cash	5901	\$100.00	Gary Noe Mary VanZant	Petty Cash	Purchase Order Only / No Receipts
10/18/2007	Bank	5906	\$200.00	Gary Noe Mary VanZant	Petty Cash	Purchase Order Only / No Receipts
10/24/2007	Bank	5907	\$200.00	Gary Noe Mary VanZant	Petty Cash	Purchase Order Only / No Receipts
Total			\$910.00			

In a written statement to the Town’s Assistant Chief of Police, former Clerk Foster stated that the petty cash expenditures were truly Petty Cash withdrawals. However, there was no supporting documentation (purchase orders or receipts) to verify the expenditures were proper.

Currently the Town maintains a “Petty Cash Reimbursement Log” that tracks petty cash disbursements.

RECOMMENDATION OSAI recommends that if the Town of Shamrock continues to maintain its Petty Cash Fund, receipts should be kept and proper approval should be obtained prior

to the use of the Petty Cash Fund. Implementation of this recommendation would ensure that all Petty Cash expenditures are properly verified and accounted for.

We recommend the District Attorney review these findings to determine what action, if any, may be required.

OBJECTIVE VI Determine if audits are being performed for the Town.

FINDING The Town has not had a statutorily required audit since 2004.

11 O.S. § 17-105(B) states:

The governing body of each municipality with an income of Twenty-five Thousand Dollars (\$25,000.00) or more to its general fund during a fiscal year and with a population of less than two thousand five hundred (2,500) as of the most recent Federal Decennial Census, and for whom an annual financial statement audit is not required by another law, regulation or contract, shall cause to be prepared, by an independent licensed public accountant or a certified public accountant, an annual financial statement audit in accordance with auditing standards generally accepted in the United States and Government Auditing Standards as issued by the Comptroller General of the United States, or an agreed-upon procedures engagement over certain financial information and compliance requirements to be performed in accordance with the applicable attestation standards of The American Institute of Certified Public Accountants, and the fieldwork and reporting standards in Government Auditing Standards.

Such audit or agreed-upon procedures engagement shall be ordered within thirty (30) days of the close of each fiscal year. Copies shall be filed with the State Auditor and Inspector within six (6) months after the close of the fiscal year in accordance with the provisions of Sections 3022 and 3023 of Title 68 of the Oklahoma Statutes and with the governing body of the municipality.

RECOMMENDATIONS OSAI recommends the Town seek a qualified independent auditor to perform an audit for the Town in accordance with state law. OSAI also recommends the proper authorities review this finding to determine what action, if any, may be required.

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DISCLAIMER

Throughout this report there are numerous references to state statutes and legal authorities, which appear to be 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 Town of Shamrock or any of the individuals named in this report or acting on behalf of the Town have violated any statutory requirements 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 the Town's 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.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896**

WWW.SAI.OK.GOV