



# TOWN OF WAUKOMIS

## Investigative Audit Report

October 31, 2022

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

**Town of Waukomis  
Garfield County, Oklahoma**

**Investigative Audit Report  
October 31, 2022**



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**TO THE HONORABLE MICHAEL FIELDS, DISTRICT ATTORNEY, DISTRICT 4**

Presented herein is the investigative audit report of the Town of Waukomis. The goal of the State Auditor & Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers 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 addressed to, and is for the information and use of, the District Attorney as provided by statute. This report is a public document pursuant to the Open Records Act, 51 O.S. §§ 24A.1, *et seq.*

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



## Town of Waukomis

### Investigative Audit Report

#### Why We Performed This Audit

In January 2019 the Town of Waukomis (Town) Police Department uncovered a potential misappropriation of town funds which was reported to the district attorney by the town's attorney. In accordance with 74 O.S. § 212(H), the district attorney requested that the State Auditor & Inspector's Office (SA&I) perform an investigative audit of the Town.

#### Summary of Findings

Between May 2017, and March 2019, Tosha Tharpe, then town clerk, misappropriated 61 payroll checks totaling \$55,563.50 by issuing herself duplicate paychecks for the same payroll periods. Tharpe issued herself these additional paychecks for both her statutory and non-statutory duties and without the knowledge or approval of the Town Board of Trustees (Board).

#### Details on What We Found

##### Misappropriation of Funds

Per the Town's Employee Handbook, Tharpe was to be paid bi-monthly, on the 1<sup>st</sup> and 15<sup>th</sup> of each month. This would result in Tharpe receiving four<sup>1</sup> checks per month, or 48 checks per year.

Payroll will be based on (bi-monthly) periods for Police Department and Town Clerk. Pay dates are the (1<sup>st</sup> and the 15<sup>th</sup>). Non- Exempt employees are paid every two weeks on Friday. The Payroll Department must process payroll \_\_2\_\_ days prior to the pay date. Therefore, the hours worked by non-exempt employees must be reported on time and accurately.

***Finding The Board did not establish the clerk/treasurer's salary as required by law.***

The Board was required to set the salary for the clerk/treasurer position by ordinance for both statutory and non-statutory duties.<sup>2</sup> For statutory duties, 11 O.S. § 12-113 states, "The

<sup>1</sup> The four checks per month included two for statutory duties and two for non-statutory duties.

<sup>2</sup> Duties outside of Tharpe's elected position.

compensation of all elective town officers shall be fixed by ordinance.” For non-statutory duties, 11 O.S. § 12-109 allows a town clerk to be employed by the town to perform duties not related to the position of town clerk. If such duties are allowed, the salary “shall be provided for separately by ordinance.”

As a result, Tharpe’s authorized salary for calendar years 2017, 2018, and 2019 could not be determined. To calculate Tharpe’s pay, historical data<sup>3</sup> was used, taking into account raises and cost-of-living adjustments that could be verified through meeting minutes.

For Tharpe’s statutory pay, pay earned through her elected position of clerk/treasurer, the amount budgeted annually was considered her official pay.<sup>4</sup>

A full accounting of Tharpe’s pay was done from January 2017 through the end of her employment in March 2019, a 27-month period. Statutory pay for the position of clerk/treasurer was \$275 bi-monthly for the entire period. Non-statutory pay, for additional duties established by the Board, was \$1,308.33 beginning in January 2017. In July 2017, Tharpe received a pay raise or cost-of-living-adjustment for her non-statutory duties, which increased her pay to \$1,416.46 bi-monthly. In July 2018, her non-statutory pay was increased to \$1,500 bi-monthly.

***Finding Former Clerk/Treasurer Tosha Tharpe misappropriated a total of \$55,563.50 in unauthorized payroll payments.***

Between January 2017 and continuing until her termination in March 2019, Tharpe issued herself 61 duplicative payroll checks totaling \$55,563.50.

Unauthorized Payroll Payments	
Year	Amount
2017	\$11,623.90
2018	\$32,614.60
2019	\$11,325.00
<b>Total</b>	<b>\$55,563.50</b>

Tharpe consistently paid herself via ACH debit using QuickBooks for her regularly scheduled payroll at the same time other Town employees were being paid. Tharpe then issued herself additional, or extra paychecks, using hard-copy checks, for the same pay periods. Some of the checks for these pay periods contained memos stating the checks was for only one day or for a different time period. These checks were for the exact amount of her normal paychecks.

Tharpe’s payroll dates were compared to another town employee to determine what should have been the standard payroll process and payroll dates. The standard process was determined to include 24 paychecks, two each month in 2017, 2018, and 2019. Tharpe received 14 extra checks in 2017, 37 extra checks in 2018, and 11 extra checks in 2019.

According to interviews with town employees, Tharpe’s work attendance became very irregular in 2019, with long periods of absence. On March 21, 2019, the Board placed Tharpe on administrative leave without pay. Her employment was terminated by the Board on April 11, 2019.

<sup>3</sup> The basic payroll amount Tharpe was paid month in and month out through the previous year.

<sup>4</sup> Statutory pay was budgeted at \$6,600 per period divided by 12 months divided by bi-monthly pay equals \$275 per period.

**Example**

On October 31, 2018, Tharpe was paid via ACH Debit, at the same time as the other employees, for the 10/15/2018 – 10/26/2018 payroll period. However, on October 30<sup>th</sup> and November 1<sup>st</sup>, Tharpe issued herself two additional checks covering the same pay period.<sup>5</sup>

## QuickBooks Payroll Services

Sent: 10/26/2018  
Payroll Run Summary for 11/01/2018:

Paychecks	Direct Deposit
Total	6,469.24
TOPRINT [REDACTED]	1,246.13
TOPRINT [REDACTED]	1,156.90
TOPRINT [REDACTED]	1,431.79
TOPRINT [REDACTED]	1,261.99
TOPRINT Tosha Tharpe	148.26
TOPRINT Tosha Tharpe {2}	1,224.17

Gross of \$275  
Gross of \$1,500

**TOWN OF WAUKOMIS  
GENERAL FUND**  
P. O. BOX 765  
WAUKOMIS, OK 73773

15506  
NOV 01 2018

PAY TO THE ORDER OF: Tosha Tharpe \$ \*\*238.96

Two Hundred Thirty-Eight and 96/100\*\*\*\*\* DOLLARS

Tosha Tharpe  
P. O. Box 634  
WAUKOMIS, OK 73773

MEMO: Pay Period: 10/17/2018 - 10/31/2018

**TOWN OF WAUKOMIS  
GENERAL FUND**  
P. O. BOX 765  
WAUKOMIS, OK 73773

15514  
NOV 01 2018

PAY TO THE ORDER OF: Tosha Tharpe \$ \*\*\*1,178.50

One Thousand One Hundred Seventy-Nine and 50/100\*\*\*\*\* DOLLARS

Tosha Tharpe  
411 Westview  
Waukomis, OK 73773

MEMO: Pay Period: 10/17/2018 - 10/31/2018

Continuing into November 2018, Tharpe issued herself the following checks:

Example of Payments – November 2018					
Date	Payment Type	Amount	Scheduled Pay Period	Allowable Pay	Improper Pay
11/01/2018	Check	\$1,500		-	\$1,500
11/08/2018	Check	\$800	Christmas Bonus	\$800	-
11/13/2018	Check	\$275		-	\$275
11/14/2018	ACH Debit	\$275	10/29/18 – 11/09/18	\$275	-
11/14/2018	ACH Debit	\$1,500	10/29/18 – 11/09/18	\$1,500	-
11/14/2018	Check	\$1,500		-	\$1,500
11/20/2018	ACH Debit	\$275		-	\$275
11/20/2018	ACH Debit	\$1,500		-	\$1,500
11/27/2018	Check	\$275		-	\$275
11/28/2018	Check	\$1,500		-	\$1,500
11/29/2018	ACH Debit	\$275	11/12/18 – 11/23/18	\$275	-
11/29/2018	ACH Debit	\$1,500	11/12/18 – 11/23/18	\$1,500	-
<b>Totals</b>		\$11,175		\$4,350	\$6,825

Tharpe appeared to intentionally hide many of these excessive payments by voiding them in the Town’s accounting software and not including them in the financial reports provided to the Board.

<sup>5</sup> The clips shown are canceled checks showing “net” pay instead of the “gross” pay of \$250 and \$1,500.

The May 2018 expenses reported to the Board lists only four payments to Tharpe. Tharpe received 12 payroll payments in May totaling \$10,148.76. Of this total, \$6,765.84 was improper.

Tharpe commonly denoted the excess payroll payments as vacation leave pay. Municipal ordinance does not permit vacation time to carry over from year to year or permit the “sell back” of accrued leave.

No employee is permitted to take more than two weeks at a time and vacation time will not carry over to the next year. The vacation plan is to start January 1, 1989.

## Other Issues

Title 11 O.S. § 12-106 vest all powers of a statutory town board in the trustees, which includes the power to regulate the fiscal affairs of the town. In the process of performing our investigation the following findings and internal control weaknesses were noted in relation to the lack of financial oversight by the Board:

- 1) The Board failed to segregate the financial duties of the Town, effectively yielding control over all financial activity to one individual.
- 2) The Board failed to have timely annual audits performed as required by 11 O.S. § 17-105, which added to the lack of financial oversight.
- 3) Monies collected by the Town were not deposited daily as required by 62 O.S. § 517.3(B).
- 4) Town checks required only one signature, allowing for payments to be made by the clerk/treasurer without board knowledge.
- 5) Title 51 O.S. § 24A.4 specifies that 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 and business transactions.

Several records were determined to be missing or destroyed, leaving no support for many financial transactions of the Town. Records missing included receipts, purchase orders, travel reimbursements, utility billing documentation, and timekeeping files.

## **Final Thoughts**

The issues addressed in this report reflect that the Town of Waukomis has experienced a material financial loss at the hands of a former employee. Although these losses are the responsibility of the alleged perpetrator, some culpability can also be directed at those who serve or have served as board members.

Inherent in any small town, the inability to segregate duties limits the effectiveness of an internal control system to properly protect the assets of the town. When this type of situation exists, it is imperative that the town trustees be hyper-vigilant in their oversight of financial transactions, become acutely aware of the laws governing their town, and hold their employees accountable. 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** *In this report, there may be references to state statutes and legal authorities which appear to be potentially relevant to the issues reviewed by the State Auditor & Inspector's Office. 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.*

O·K·L·A·H·O·M·A  
SAI  
STATE AUDITOR & INSPECTOR



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

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