



AUDIT OF PAULS VALLEY REVEALS MINOR VIOLATIONS

OKLAHOMA CITY, OK (June 5, 2024)

Oklahoma State Auditor & Inspector (SA&I) Cindy Byrd today released her forensic audit report for the City of Pauls Valley. Auditor Byrd launched the investigation after receiving a citizen petition requesting a review of several issues surrounding the closure of the Pauls Valley General Hospital in 2018.

After the hospital filed bankruptcy in 2013, the citizens of Pauls Valley agreed upon a half-cent sales tax to keep the facility open. The City then approved eight bonds totaling more than 18-Million dollars. Among the findings of the audit report are:

- Citizens attempted to recall three City Councilmembers without success. The investigation determined the City acted properly in the filing of the recalls.
- The City Manager hired an ambulance service without Board approval and without employing a competitive bidding process. The City Manager acted properly because the contract did not exceed the \$20,000 threshold required for competitive bidding.
- Citizens were concerned that the City failed to pay the wages of employees when the hospital closed. The audit found that the City ultimately paid what was owed to the employees, minus some of their paid time off [PTO].
- The City attempted to obtain a Federal grant to consolidate several nursing homes in the area. The City spent \$27,000 during the grant application process but the grant was denied. The City did not act inappropriately.

- The audit found 32 violations of the Open Meetings Act. This mostly occurred when the hospital conducted business without posting the items on the public agenda. Citizens were not made aware of what business would be addressed during meetings and thus were not informed in a timely manner, as required by law.
- The City Manager and City Attorney used the 'Comment' portion of meetings to discuss new business without properly informing citizens beforehand. This included a proposal to increase utility rates.
- Of 26 Open Record Requests filed with the City, 13 were fulfilled within 30 days (timely), ten were fulfilled within 52 to 134 days (not timely), and three requests had no record of ever being fulfilled.
- A contractor hired to assist in the closure of the hospital received \$53,000 more than his contract allowed. Neither the contractor nor the City Manager was able to explain the reason for this.

“The people of Pauls Valley clearly wanted to do all they could to keep the hospital open and were willing to tax themselves to do so,” said Auditor Byrd. “However, due to the City’s lack of compliance with the Open Meetings Act, it appears the true status of the hospital's financial situation was hidden from the voters. In the end, the City of Pauls Valley sold the hospital at a substantial loss and the taxpayers were saddled with more than Seven-Million dollars of debt which they are still paying off.”

The full audit is posted [here](#) on the Oklahoma State Auditor & Inspector’s official website.

To schedule an interview with Cindy Byrd, please contact Andrew Speno at 405-315-5924.