

Town of Kremlin

EXECUTIVE SUMMARY

Why We Conducted This Audit

We performed this audit at the request of the citizens of the Town of Kremlin pursuant to 74 O.S. § 212(L). The scope of the citizen petition was July 1, 2016 through December 31, 2018. Read the full audit report at <https://www.sai.ok.gov>.

The State of the Town

The Town of Kremlin was embroiled in political controversy when we began our audit fieldwork. Donna Rainey, the town clerk- treasurer, had not been re-elected after several years in office and there was animosity between the current board and the newly elected clerk-treasurer. The Board did not officially acknowledge the new clerk-treasurer upon election and did not provide her the oath of office in a timely manner.

There was also a disagreement over an elected board member's residency qualification, resulting in the individual not being seated as a board member. The Board also sought to maintain Rainey as an employee which caused further controversy.

As the Board struggled to resolve the issues, our investigation revealed that Rainey was also serving as the town clerk-treasurer in the neighboring Town of Hunter and had perpetrated an embezzlement in Hunter. (See complete Town of Hunter report at www.sai.ok.gov)

These issues were addressed by the Board with legal counsel which ultimately resulted in the termination of Rainey's employment and the swearing in of the new officials.

What We Found

- Donna Rainey received three improper payroll payments totaling \$1,175 and did not maintain payroll documentation to support time worked. Rainey was also paid for her elected clerk-treasurer position at a rate exceeding the approved amount set by ordinance, resulting in excess pay of \$13,500. (Pg. 16-17)
- The Town did not prepare budgets or utilize a purchase order system as required by law. Over \$77,000 in funds were expended without board approval and more than \$6,000 was spent without supporting documentation, resulting in the inability to determine if the expenditures were for a public purpose. (Pg. 11-14)

- The Kremlin Volunteer Fire Department operated independent of the Town and maintained a bank account outside of the Town's authority. The Department also purchased \$3,500 in gift cards, an expenditure that did not appear to be for a public purpose. (Pg. 12-13)
- Utility billing records were not maintained as required, some records were destroyed, altered, or missing. More than \$3,000 in utility payments could not be traced to deposits and adjustments totaling almost \$11,000 were made to customer accounts without supporting documentation or board approval. (Pg. 7-9)
- Community Center rental fees totaling \$1,250 could not be traced to deposits and monies from all sources of collections were not deposited daily as required. (Pg. 10)
- The Board permitted Rainey to conduct official town business and maintain town records at her private residence limiting the public's access to the official records of the Town. Records were either not maintained, destroyed, or removed from town hall limiting the accountability for all transactions of the Town. (Pg. 4-6)
- The Board violated the Open Meeting Act conducting some items of business improperly under the Act. It also could not be determined if meeting agendas were properly and timely posted. (Pg. 2-3)