



## Town of Hunter

### Investigative Audit Report

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#### Why We Performed This Audit

While performing a citizen petition audit in the Town of Kremlin, it was discovered that clerk/treasurer Donna Rainey was also serving as the clerk/treasurer in the Town of Hunter. Records reflected that transactions were being comingled between the two towns. Based on this information, the State Auditor and Inspector's Office (SA&I) approached District Attorney Michael Fields for assistance in obtaining authority to audit the records of the Town of Hunter.

In accordance with 74 O.S. § 212(H), District Attorney Michael Fields requested that SA&I perform an investigative audit of the Town of Hunter. Read the Full audit report at <https://www.sai.ok.gov>.

#### Summary of Findings

Between November 10, 2015 and April 9, 2019, Donna Rainey, then clerk/treasurer of the Town of Hunter, misappropriated 74 payroll checks totaling \$29,783.15. Rainey also issued herself 83 unsupported mileage reimbursement payments during the period of July 1, 2014 through April 9, 2019 which totaled \$7,457.33.

#### Background and Objectives

The Town of Hunter (Town) is organized under the statutory town board of trustees form of government, as outlined in 11 O.S. §§ 12-101, *et. seq.* The Town combined the positions of town clerk and town treasurer eliminating an important segregation of duties related to the Town's finances, effectively allowing control over financial activity to one individual. To further impede the lack of internal controls, the clerk/treasurer was permitted to operate Town business from her home located in Kremlin. The Board of Trustees (Board) allowed Rainey to operate the home office for at least 15 years.

As referenced above, our initial objective was to determine if and why the transactions of the Town of Hunter (Hunter) and the Town of Kremlin (Kremlin) were being comingled. The comingling of financial transactions and the lack of internal controls were also indicators that funds were possibly mismanaged or misappropriated. Based on these concerns the objectives of our engagement were defined as follows:

1. Were financial transactions of the Town of Hunter comingled with the Town of Kremlin?
2. Were public funds mismanaged or misappropriated in the Town of Hunter?