


SUPPLEMENTAL INVESTIGATIVE REPORT

OKLAHOMA STATE DEPARTMENT OF EDUCATION

March 7, 2012



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 7, 2012

Dr. Janet Barresi, Superintendent
Oklahoma State Department of Education
2500 North Lincoln Blvd.
Oklahoma City, OK 73105-4599

Transmitted herewith is a Supplemental Investigative Report of the Oklahoma Department of Education.

Pursuant to your request and in accordance with the requirements of 74 O.S. 2001, § 227.8, we performed an investigation with respect to the Oklahoma State Department of Education for the period July 1, 2008 through June 30, 2011. We published that report on January 4, 2012.

The following report is a supplemental report addressing additional concerns identified during our first investigation. Because investigative procedures do not constitute an audit in accordance with generally accepted accounting standards, we did not express an opinion on the account balances or financial statements of the Oklahoma State Department of Education.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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.

This report is addressed to and intended solely for the information and use of the Oklahoma State Department of Education, the Oklahoma State Board of Education and other state officials given oversight responsibilities, as provided by statute. 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, reading "Gary A. Jones", is positioned below the word "Sincerely,".

GARY A JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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EXECUTIVE SUMMARY

We performed a special audit/investigation, pursuant to a request by the Department of Education (OSDE), in accordance with the requirements of **74 O.S. 2001, § 227.8**. The concerns we investigated included concerns related to travel claims filed by a now former OSDE official. We have previously issued a report related to those concerns.

During our investigation of the circumstances surrounding the official's travel claims, we obtained records from a hotel which included a check on an account that, although not an authorized account of the State of Oklahoma, listed an address of 2500 N. Lincoln Blvd, Oklahoma City, the address of the Oliver Hodge State Office Building where OSDE is located.

We began an inquiry to determine who or what entity was using a bank account listing the address of a State Office building. Through our inquiry we identified three accounts being managed by OSDE employees that were not official accounts for the State of Oklahoma.

Over a period of years OSDE employees have been soliciting and receiving donations and/or receiving funds for booth space rental at various conferences then depositing those funds in accounts purporting to be accounts belonging to a private nonprofit organization.

The Oklahoma Curriculum Improvement Commission (OCIC), is a non-profit organization whose board members were aware that OSDE officials were managing one account, an operating account, but were not aware OSDE officials had opened and were operating two other accounts under the OCIC name. From interviews with OSDE officials and employees, as well as records we obtained, it appeared not only were the OCIC board members unaware of the accounts, but some of the OSDE officials may have deliberately concealed those accounts from the OCIC board of directors.

These off-book and unauthorized accounts allowed OSDE officials to pay, at a single event, \$2,600 for 85 bottles of wine and 3 kegs of beer and \$5,700 for food items including a "chocolate fountain," "Maryland crab cakes," "mini beef wellingtons," and "smoked salmon mousse in a puff pastry," without following any of the requirements normally associated with government expenditures.

Later, as the accounts were being separated, OSDE employees orchestrated the movement of \$14,899 from one "OCIC" account to another "OCIC" account. Then arranged for another third party entity, the Oklahoma Director's of Special Services, to create another third party account and moved the money to that newly created account.

The Oklahoma State Auditor and Inspector (OSAI) is the independent financial oversight body responsible for auditing the books and financial records of OSDE. These accounts were not audited by the OSAI because the existence of the accounts had never been disclosed to OSAI.

The accounts were not official accounts for the State of Oklahoma and would not have appeared on any official listing of the OSDE accounts.

A “*slush fund*” is typically regarded as an unregulated fund that has little if any oversight and which can be used with little or no accountability. The accounts we identified appear to have been operated as slush fund accounts allowing OSDE officials to issue payments shielded from governmental oversight as well as public scrutiny.

Over a period of 10 years, in excess of \$2.3 million has been expended from these accounts.

The Oklahoma State Auditor is responsible for investigating irregularities in governmental agencies and routinely performs financial investigations into questionable matters concerning the operations of state and local governments. However, the Oklahoma State Auditor lacks the authority to perform special or investigative audits unless requested to do so by other statutorily defined offices.

We have reported the results of our limited inquiry into these accounts, identified additional concerns related to the accounts, as well as the actions and activities of the state employees involved with the accounts.

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Introduction

On June 21, 2011, the State Superintendent of Public Instruction, Oklahoma State Department of Education (OSDE), requested the Oklahoma State Auditor and Inspector to conduct an investigative audit. The original audit request included several issues, including one issue related to the travel claims filed by a former OSDE official.

The official's travel claim for July 7, 2008, included a per diem amount for an overnight stay, but did not include a reimbursement amount for a hotel/motel room.

Show point travel status began, each point visited and the point travel status ended. (Vicinity only travel should show general geographical area, e.g., Tulsa Vicinity)	Date		Mileage Claimed		Travel Status Hour		Number of		Per-Diem		Lodging	TOTAL PER DIEM / LODGING
	Year	2008										
	Mo.	Day	Miles	Vicinity	Entered	Ended	Days	Hrs	Rate	Amount	Amount	
OKC/vicinity	7	7		5	730	-						-
OKC/vicinity/OKC	7	8	-	10	-	1630	1	9	49	61.25		61.25
OKC/Lone Wolf	7	16	126	8	1300	-						-
Lone Wolf/Norman	7	18	121	16	-	1830	2	5.5	39	87.75		87.75
OKC/vicinity/OKC	7	21	-	32	800	1330						-
OKC/Broken Bow	7	28	217	20	1030	-						-
Broken Bow/vicinity/Broken Bow	7	29	-	40	-	-						-
Broken Bow/Norman	7	30	198	30	-	1830	2	8	39	87.75		87.75

Although not unusual, since a hotel/motel room can be paid either by a state issued credit card and/or direct billed to an agency, we still asked OSDE for the records related to the payment of the lodging bill.

OSDE was unable to provide us with the records related to how the hotel room had been paid. We arranged for OSDE to obtain the records from the hotel, which were then provided to us.

On September 15, 2011, the OSDE employee provided the hotel records we had requested. Included in the records provided by the hotel was a check in the amount of \$12,233.01 in the name of the Oklahoma Administrator's Annual Conference (OAAC).

When we began interviewing OSDE officials, we were told the OAAC account was an account belonging to the Oklahoma Curriculum Improvement Commission (OCIC). OCIC is an incorporated nonprofit organization with a mission including curriculum improvement throughout the state.

Although the address on the check reflected the address of the Oklahoma Department of Education, the check did not appear to be a check from an official account held by the State of Oklahoma.

We conducted a preliminary inquiry and subsequently requested a meeting with the Office of the Attorney General (OAG) because of our concerns related to the account.

On September 22, 2011 and November 18, 2011, we met with OAG officials and apprised them of our preliminary findings.

During interviews conducted with other OSDE officials, we were told in anticipation of the Leadership Conference various OSDE employees would be called into a staff meeting and instructed on who would be responsible for various aspects of the conference, including soliciting donations.

We interviewed various OSDE officials who confirmed they were collecting funds, creating reports, or doing other work related to OCIC while also serving as OSDE employees.

62 O.S. § 34.57(B) states, in part:

It shall be the duty of each state agency, officer or employee, to deposit in the agency clearing account, or agency special account, established under Section 7.2 of this title, all monies of every kind including but not limited to:

...

Income from money and property, grants and contracts, refunds, reimbursements, judgments, sales of materials and services of employees, and non revenue receipts, received by a state agency, officer or employee by reason of the existence of and/or operation of a state agency.

In addition to the statements by the employees, we also obtained documentation indicating solicitations were being made under the auspices of the "State Superintendent's Annual Leadership Conference" with instructions to "send donation and information" to the "OCIC/Leadership Conference" (see attachment #1).

The solicitations for donations and/or exhibitor fees being deposited into the Leadership account include a header and footer indicating the solicitation is from the State Department of Education, but directs the "donation" to be made to OCIC at "P.O. Box 18793" in Oklahoma City.

Post Office Box 18793 was opened on April 19, 2004, by an OSDE employee. The application listed the physical address of 2500 N. Lincoln Blvd., Oklahoma City, which is the address of the OSDE state office building.

We also found donations were being made and deposited into the Leadership account although the donation checks were payable to the Oklahoma State Department of Education.

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CHESAPEAKE OPERATING, INC.
P.O. Box 18496, Oklahoma City, OK 73154-0496
(877) 245-1427

Bank of Oklahoma
65-105/1031

Check Number 1155807

Date JULY 16, 2009 Amount \$500.00

■ FIVE HUNDRED 00 /100 DOLLARS *****

Vendor No.
113582

VOID AFTER 90 DAYS
NO THIRD PARTY ENDORSEMENTS

Pay to
The
Order Of
OKLAHOMA STATE DEPARTMENT OF
EDUCATION
% TOM WHITE
PO BOX 18793
OKLAHOMA CITY OK 73154

Jennifer M. Cragg

For example, in 2009, an Oklahoma energy company donated \$500. The check was payable to the “Oklahoma State Department of Education % Tom White.” Tom White was an Assistant State Superintendent of the Federal Fiscal Division of OSDE.

Included in the documentation was a letter from the energy company addressed to “Lealon Taylor Oklahoma State Department of

Education.” Taylor was the OSDE Chief of Staff from 1996 to 2011. The letter states, in part, “it is with great pleasure that I enclose a check in the amount of \$500 to the Oklahoma State Department of Education.”

##	Date	Payable to	Amount
1	6/1/2007	Oklahoma State Department of Educ	\$1,000.00
2	6/1/2007	Oklahoma State Department of Education	\$550.00
3	6/1/2007	Oklahoma State Dept of Education	\$2,500.00
4	6/11/2007	Oklahoma State Dept of Edu	\$1,000.00
5	6/13/2007	Oklahoma State Board of Education	\$550.00
6	7/5/2007	Oklahoma State Department of EDU	\$1,000.00
7	7/17/2007	State Dept of Ed	\$200.00
8	7/30/2007	OK State Dept. of Education	\$300.00
9	7/30/2007	State Dept of Ed	\$885.00
Total			\$7,985.00

We reviewed the deposits to the Leadership account for June and July 2007, and found nine of the checks deposited into the Leadership account were made payable to the “Oklahoma State Department of Education” or some variation of the “Oklahoma State Department of Education,” as shown in the table at left.

We also found checks that, although not payable specifically to the Department of Education, did include the address for the Department of Education. For example, a check in the amount of \$550 was payable to the “Oklahoma 2007 Leadership Conference” with the address of the Department of Education building.

442956

OKLAHOMA NATURAL GAS COMPANY
A DIVISION OF OUCHER OIL
PO BOX 601
Oklahoma City, OK 73101
BANK OF AMERICA
101 S. TULSA ST.
OKLAHOMA CITY OK 73101

DATE 29-JUN-07 CHECK NO. 114839
VENDOR NO. 81874

AMOUNT \$550.00

PAY EXACTLY Five Hundred Fifty Dollars And 00 Cents

PAY TO THE ORDER OF
OKLAHOMA 2007 LEADERSHIP CONFERENCE
2500 N LINCOLN BL
ATTN: TOM WHITE
OKLAHOMA CITY, OK 73106

C. Dineen

THIS CHECK MUST BE DEPOSITED WITHIN 90 DAYS OF DATE

The provisions of 62 O.S. § 34.57(B) that it “shall be the duty of each state agency, officer or employee to deposit... all monies of every kind” would seem to apply in a case where a state employee is receiving funds

addressed to a state office building and referencing an event held under the name of the “State Superintendent’s Annual Leadership Conference.”

One official told us she did not feel like soliciting donations and coordinating the Leadership conference was optional, but that it was a part of her “other duties as assigned” as an OSDE employee.

Finding #2

OSDE officials expended funds from an unofficial and unauthorized bank account for questionable items and purchases related to an OSDE sponsored conference with no official oversight while also avoiding public scrutiny.

As noted in Finding #1, OSDE officials confirmed they were collecting funds, creating reports, or doing other work related to OCIC while also serving as OSDE employees. Under the provisions of 62 O.S. § 34.57(B) previously cited in this report, it is the duty of “each state agency, officer, or employee to deposit...all monies of every kind” into the agency clearing account or special account.

Since the funds collected by the OSDE officials were not deposited into an official state account, there was no governmental oversight and little transparency outside of other OSDE officials in how the funds were expended. This allowed OSDE officials to pay for beer, wine, and other mixed drinks with no independent oversight while also avoiding public scrutiny.

Bricktown Brewery	
800 Copperhe	
Chk 4013	DEPT OF EDU Jul10'07 04:48PM
Gst 0	
APPETIZER BUFFET	
1 Open Food	2350.00
APPETIZER 2 THE SEQ	
1 Open Food	425.00
OPEN BEER	
1 Open Brewed Beer	1050.00
OPEN WINE	
1 Open Wine	400.00
BOTTLED BEER	
1 Open Strong Beer	1400.00
BAND	
Bot Supplies	500.00
GRATUITY	
Bot Supplies	800.00
Subtotal	5575.00
Service Chg	1300.00
08:17 Total	6875.00

Visit our website at
www.bricktonbrewery.com
Banquet facilities for up to 600
Contact 918.277.9799

For example, on July 10, 2007, OSDE officials, Tom White and Dr. Cindy Koss, signed a check payable to Bricktown Brewery for \$6,875.00 with the notation “Leadership Reception.” We found a receipt with the notation “DEPT OF EDU” in the same \$6,875.00 amount, which included \$2,800.00 for beer and wine, \$2,725.00 for appetizers, \$500.00 for a band, \$800.00 for gratuity, and a \$1,300.00 “service charge.”

The receipt, which had been copied to a larger sheet of paper, included the handwritten notation, “State Superintendent’s Leadership Reception,” and was signed as “correct” by Tom White and “approved” by Dr. Ramona Paul, who was also an OSDE official.

We found a similar invoice dated in 2006 to Bricktown Brewery in the amount of \$7,350.00. The invoice included \$3,200.00 for 1600 “draft beers, well drinks or house wine” as well as \$1,000.00 for “band with sound and lights.” We obtained a check register reflecting the payment was made from the Leadership account on July 11, 2006, but no other records were provided indicating who authorized or approved the payment.

CHELINO'S MEXICAN RESTAURANT
BRICKTOWN
15 E. California
(405) 235-3533

Server: JOSE LUIS 07/08/2008
Table 54/11 7:46 PM
Guests: 0 20080
Menu: Bar Dinner

BUFFET 2640.00
MARGARITAS 500.00
KEG 200.00
BOTTLES 400.00

4 Items

Sub Total 3740.00
Tax 221.10

Total 3961.10
Gratuity 15.00% 561.00
Total 4522.10

Balance Due 4522.10

WE THANK YOU FOR YOUR VISIT
COME BACK AGAIN SOON !!!

A \$4,522.10 payment was made from the Leadership account on July 8, 2008, and supported by a receipt from Chelino's Mexican Restaurant. The receipt supporting the payment included various types of alcoholic beverages.

The receipt had been copied onto a larger sheet of paper, and included the handwritten notation "Superintendent's Reception at Leadership Conference." It was also signed by Tom White and Dr. Paul.

A check, also dated July 8, 2008, was written from the Leadership account to Chelino's for \$4,522.10. The check was signed by Tom White and Dr. Cindy Koss, who also was an OSDE official at the time the check was written.

We noted other payments from the account in 2008 were related to the State Superintendent's Leadership Conference including \$63,397 for "production costs," \$23,820 for "decorator charges," and \$12,233 for "catering and room charges."

Although many of the expenditures from the Leadership account related to the Superintendent's Leadership Conference, we also found expenditures being made from the account related to various other aspects of OSDE.

For example, on February 21, 2007, a check was written from the Leadership account for \$9,059.29 payable to the "Renaissance Oklahoma City." The check included the notation "Special Ed. Conference."

Finding #3

Collections for other OSDE sponsored or related conferences were deposited in the same unofficial and unauthorized bank account.

The OSDE website² contains information related to the annual “State Superintendent’s Social Studies and Fine Arts Conference” held annually in late January or early February. The website reflected the conferences are held in “partnership” with the “OSDE Social Studies Curriculum Office.”

Although the website information related to the conference indicated the conference was part of a “public/private” partnership with the Oklahoma Arts Institute and included the following:

[M]ajor funding is provided by private donors secured by the Oklahoma Arts Institute, with matching funds from the Oklahoma State Department of Education and additional support from the Oklahoma Arts Council and the Oklahoma Department of Tourism and Recreation.

Although the OSDE website listed several partners, there was no mention of OCIC being a partner organization or otherwise involved in the Fine Arts conference. Furthermore, the funding from private donors reportedly was “secured by the Oklahoma Arts Institute.”

Although the OSDE website did not list OCIC as a partner organization and indicated funding was provided by “private donors secured by the Oklahoma Arts Institute,” it appeared funds from private donors were also being deposited into the Leadership account.

##	Date	Payable to	Amount
1	1/29/2007	OCIC/Social Studies & Fine Arts Exhibit	\$400.00
2	1/29/2007	OCIC/Social Studies & Fine Arts	\$150.00
3	1/29/2007	OCIC/Social Studies & Fine Arts	\$550.00
4	1/29/2007	OCIC/Social Studies and Fine Arts	\$1,100.00
5	1/29/2007	OCIC/Social Studies and Fine Arts	\$100.00
6	1/29/2007	OCIC/Social Studies & Fine Art	\$200.00
7	1/29/2007	OCIC Social Studies & Fine Arts Conference	\$100.00
8	1/29/2007	OCIC / Social Studies	\$150.00
9	1/29/2007	OCIC/Social Studies & Fine Art	\$350.00
10	1/29/2007	OCIC Social Studies & Fine Arts	\$100.00
11	1/29/2007	OCIC/Social Studies & Fine Arts	\$100.00
12	1/29/2007	OCIC/Social Studies & Fine Arts	\$150.00
13	1/29/2007	OCIC/Social Studies & Fine Arts	\$350.00
Total			\$3,800.00

We noted a deposit on January 29, 2007, which included thirteen checks all payable to some variation of the “OCIC/Social Studies & Fine Arts.” We noted similar deposits referencing the “OCIC/Social Studies and Fine Arts Conference” were also made in 2008.

² <http://sde.state.ok.us/Curriculum/CurriculumDiv/Standards/programs/arts.pdf>

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HEARTSPRING
2730 E. 27th Street, Suite 100, Oklahoma, OK 73109-4199
800-455-2730

Check No. 033443
CHECK DATE 5/28/2007 CHECK NO. 33443
CHECK AMOUNT \$500.00

Pay to the order of
Five hundred and 00/100 Dollars

Leadership Conference
OCIC/SPECIAL EDUCATION CONFERENCE
ATTN: EXHIBITS
P. O. BOX 18793
OKLAHOMA CITY, OK 73104

VOID IF NOT CANCELED WITHIN 90 DAYS

434 450 00

Deposits made to the Leadership account also appeared to be related to the OSDE Special Education Services division. For example, a \$500 deposit was made to the Leadership account from HeartSpring. HeartSpring is a residential facility for children with special education needs.

The Heartspring check was payable to “OCIC/Special Education Conference” although a hand written notation was made on the check “Leadership Conference.”

Teachers-Teachers.com, Inc.
PO Box 2319
Columbia, MD 21045

Morgan Stanley PM Inc.
56-1551/441

Check No. 2939
CHECK DATE 5/21/2007
CHECK AMOUNT \$2,500.00

Pay to the order of
Oklahoma State Dept of Education

Two Thousand Five Hundred and 00/100 ***** DOLLARS

Oklahoma State Dept of Education
Attn: Misty Kimbrough
2500 North Lincoln Blvd, Room 412
Oklahoma City, OK 73103

MEMO
Conference Support

94 114 53

Another deposit had been made to the Leadership account on June 1, 2007, in the amount of \$2,500. The check deposited was addressed to the “Oklahoma State Department of Education Attn: Misty Kimbrough” and indicated the purpose of the check was “conference support.” Misty

Kimbrough was the Assistant State Superintendent for OSDE’s Special Education Services Division.

On July 5, 2007, a \$500 deposit was made into the Leadership account. The deposit source indicated a check payable to “OCIC/Special Ed. Conference.” The practice appears to have carried forward into 2008 as well.

On January 9, 2008, a \$2,500 deposit was made into the Leadership account. The source of the deposit was a check with the notation “Break Sponsor Oct 2007 Special Education Conference.”

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We also noted deposits were being made into the Leadership account although the deposit items were checks payable to the “OCIC/Encyclo-Media Conference.”

STATE OF OKLAHOMA N.A.
TULSA, OKLAHOMA

No. 032328

4837 S. 78th E. AVE.
TULSA, OK 74143
PH. 918-270-7000

***** Five Hundred AND 00/100 DOLLARS *****

PAY TO THE ORDER OF

OCIC/ENCYCLO-MEDIA CONFERENCE
ATTN: EXHIBITS
PO BOX 18793
OKLAHOMA CITY OK 73154

03/12/09 32328 *****500.00

28 36 28

For example, a \$500.00 check payable to the OCIC Encyclo-Media Conference was deposited into the Leadership account on April 1, 2009.

A second check, also payable to the OCIC Encyclo-Media Conference in the amount of \$500 was also deposited into the Leadership account on April 1, 2009.

Finding #4

OSDE controlled and administered a second unofficial and unauthorized bank account also purportedly belonging to the same non-profit organization. Neither of the accounts had been disclosed to the Board of Directors of the NPO.

OSDE sponsors an annual conference referred to as the "State Superintendent's Encyclo-Media Conference." A second bank account was created using the name "Encyclo-Media OCIC," also purporting to be a part of the OCIC organization.

On March 27, 1996, post office box 53159 was opened by an OSDE official using the name "Encyclo-Media." The physical address associated with the post office box was listed as the OSDE state office building.

In addition to the Leadership and Encyclo-Media accounts, a third account, the OCIC operating account, was also managed by OSDE officials. Another post office box had been opened in relation to this account. On April 26, 2004, post office box 36451 was opened by another OSDE employee. The physical address associated with this post office box was also the OSDE state office building.

According to Dr. Watson, when she accepted her position at OSDE as an Assistant State Superintendent, she became the treasurer for OCIC by default. According to Dr. Watson, either she or her assistant at OSDE would prepare financial reports that were provided to the OCIC board.

Dr. Watson also stated those financial reports prepared for the OCIC board did not include financial information related to the OCIC Leadership or the OCIC Encyclo-Media *bank accounts*. Dr. Watson stated that OCIC had nothing to do with the OSDE Leadership or OSDE Encyclo-Media *conferences*, and the OCIC role of the accounts was in name only.

Dr. Watson's assistant told us she often prepared the meeting packets for the OCIC board meetings. The packets included information related to the OCIC operating account, but did not include the financial information related to the Leadership or Encyclo-Media accounts.

The assistant to Dr. Cindy Koss, who was the Assistant State Superintendent of Standards and Curriculum, was involved in preparing the financial reports for the OCIC board prior to Dr. Watson's assistant assuming those duties. Dr. Koss's assistant also said the financial reports prepared for the OCIC board only included reports and information related to the OCIC operating account.

According to Dr. Koss's assistant, the Leadership and Encyclo-Media accounts had nothing to do with OCIC and they never were a part of OCIC.

We obtained minutes for the OCIC board of directors' meetings, which generally occurred two or three times a year. The meeting minutes for the "Executive Committee and the Board of Directors Meetings" typically included a financial report given by either Dr. Watson or Dr. Koss.

From our review of the meeting minutes, we found support for the statements by Dr. Watson and the two assistants that the financial reports being provided to the OCIC board of directors did not include information related to the Leadership and/or Encyclo-Media accounts.

For example, the January 23, 2007, OCIC meeting minutes, also included a section for a financial report. The meeting minutes, with respect to the financial report, reflect:

Belinda McCharen presented the financial report. To date, \$18,575.00 has been received for 2006-07 membership. Cindy Koss reported on expenses for the Fall and Winter Institutes. Current account balance is \$42,814.82 with some outstanding expenses for Dr. Douglas Reeves. Ruth Ann Carr moved that the financial report be approved. Glenda Cobbs seconded the motion. The financial report was approved.

The OCIC operating account had a balance on January 8, 2007, of \$42,814.82. On January 23, 2007, a check in the amount of \$122.41 cleared the bank lowering the balance to \$42,692.41. The Leadership and Encyclo-Media balances at that time were \$22,791.47 and \$79,899.91.

Similarly, the minutes for the July 11, 2007, meeting, included a financial report section. The minutes, with respect to the financial report, reflected:

Jennifer Watson presented the financial report. Total expenses for year-to-date are \$17,679.52. 2006-2007 current income is \$19,228.99. Current income added to opening balance minus expenditures equals a current account balance of \$33,149.08. Cindy Koss moved that the financial report be accepted. Kirby Lehman seconded the motion. The financial report was approved.

We obtained the bank records for all three accounts: the OCIC operating account, the Leadership account, and the Encyclo-Media account. The

account balance for the OCIC operating account was \$33,149.08, as reported in the meeting minutes.

The balances for the Leadership and Encylo-Media accounts on July 1, 2007, were \$130,597.23 and \$133,440.90.

The records we were provided corroborate the statements of the OSDE official. The Leadership and Encylo-Media accounts were not being reported to the OCIC board of directors. It appeared the only account being reported to the OCIC board of directors was the OCIC operating account.

In April 2009, Dr. Cindy Koss and Dr. Jennifer Watson announced to the OCIC board that OSDE would be severing the relationship with OCIC. During this meeting, OSDE officials disclosed the existence of the Leadership and Encyclo-Media accounts.

According to OCIC President Gregg Garn, he and other board members were surprised to learn the Leadership and Encyclomedia accounts were somehow tied to OCIC.

In the months following, OCIC and OSDE worked towards severing the relationship. As part of the process, both OSDE and OCIC sought the assistance of the Oklahoma State School Boards Association (OSSBA). While the process of severing the accounts was ongoing, OCIC encountered a period of time in which the board members had difficulty getting information from OSDE.

As a result of that difficulty, President Garn authored a letter dated December 1, 2009, to the State Superintendent of Public Instruction Sandy Garrett. In the letter, Garn references the separation of OSDE and OCIC bank accounts and states, in part:

As OSSBA has worked to achieve the bookkeeping task, it has become evident that the OCIC account must be separated from two other OSDE accounts, the Leadership and EncycloMedia Accounts.

From the context of the letter, it appeared the OCIC board president clearly considered the "two other OSDE accounts," the Leadership and Encylo-Media accounts, to be OSDE accounts and not OCIC accounts.

We interviewed twenty-two (22) current and former OCIC board members and inquired about the bank accounts maintained and/or under the control

of OCIC. The Board members we interviewed had served on the OCIC board for various periods of time with some having served for over ten years.

The OCIC board members we interviewed were aware that OCIC had one bank account, an operating account, which was being managed by OSDE officials. According to the Board members, the funding for the account came from membership dues paid by Oklahoma school districts.

According to the Board members, the funds collected from the member school districts were used to sponsor training workshops and to pay for speakers. These Board members believed the operating account had minimal collections and minimal expenditures.

The Board members all stated they were not aware OSDE officials were also managing two other accounts, the Leadership account and the Encyclo-Media accounts, under the name of OCIC.

One OCIC board member, who has been a board member for 10-15 years, told us the April 2009 disclosure of the Leadership and Encyclo-Media accounts was a "revelation." Other longstanding members expressed concern that OCIC had been somehow tied to the State Superintendent's Leadership Conference.

Finding #5

OSDE officials utilized the nonprofit's *operating* bank account for OSDE related conferences and functions, without disclosure to the nonprofit's Board of Directors.

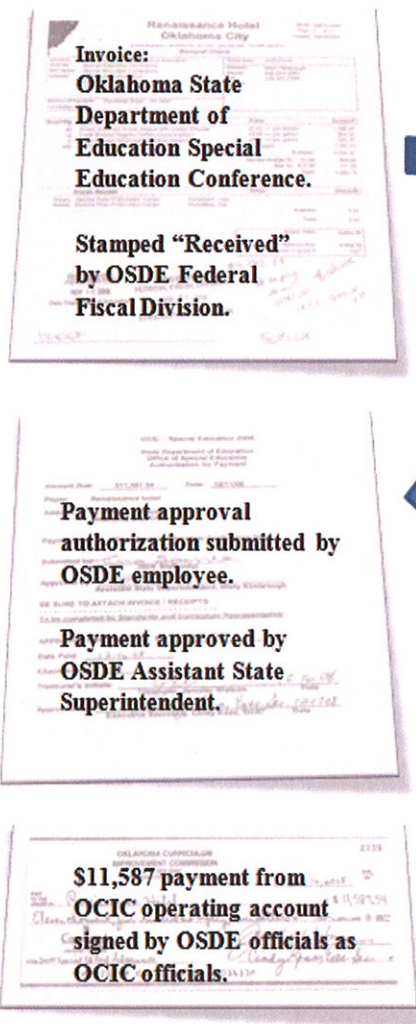
During our interviews with the OCIC board members, we were told the only account the OCIC board was aware of was a single operating account, which derived its money from membership dues paid by various school districts in Oklahoma and was used to pay for speakers at OCIC training events.

The OCIC operating account, which was known to the OCIC board of directors, appeared to have been used by OSDE officials for OSDE functions having little to do with OCIC.

For example, a deposit made into the operating account on May 5, 2008, included a notation on the deposit slip "Special Education Conf – 2007." Other deposit slips included notations such as "Alt. Ed. 2008 Summer Institute," "Special Ed. Conference" and "Alternative Ed Summer Institute."

We found a 2008 payment from the OCIC operating account for \$11,587.54 to a hotel for an OSDE Special Education conference. The hotel bill was invoiced to OSDE and stamped "received Federal Fiscal Division State Department of Education."

The payment approval form, titled "*OCIC-Special Education 2008*" and "*State Department of Education Office of Special Education Authorization for Payment*" was submitted by an OSDE employee and approved by the OSDE Assistant State Superintendent of the Special Education Section.



The check written from the OCIC operating account was signed by Drs. Koss and Watson who held the dual positions of being officers of the OCIC board as well as Assistant State Superintendents for OSDE.

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
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We found a document dated April 14, 2009, approving the transfer of \$28,877.06 from the OCIC operating account to the Leadership account. The document submitted by Dr. Cindy Koss indicated the purpose of the payment was “[T]ransfer of Program Funds back to OCIC / Leadership Account.”

The “authorization for payment” (see attachment #2) included the approving signatures of Dr. Jennifer Watson and Dr. Cindy Koss, both of whom were OSDE officials at the time.

OKLAHOMA CURRICULUM
IMPROVEMENT COMMISSION
P.O. BOX 36451
OKLAHOMA CITY, OK 73136-6451

2357

DATE April 14, 2009

PAY TO THE ORDER OF OCIC / Leadership \$28,877.06

Twenty eight thousand, eight hundred and seventy seven dollars & 10/100 DOLLARS

Coppermark BANK

FOR THE OCIC / Leadership Account

Cindy Koss, Exec. Dir. OCIC
Jennifer Watson, Assoc. Dir. OCIC

⑆002357⑆ ⑆123456789⑆ ⑆33⑆

The OCIC operating account bank records included check #2357, dated April 14, 2009, in the amount of \$28,877.06. The check was signed by Drs. Koss and Watson with a notation indicating the funds represented a transfer of program funds from the OCIC operating account to the Leadership account.

Program Funds Transferred Back to OCIC/Leadership Account	
Program	Amount
21st Century	405.34
Alternative Education	7,138.20
Math & Science / MSP	316.52
Milken	624.01
North Central	879.70
Reading / Language Arts	775.25
Regional Curriculum Conferences	712.25
Special Education	14,899.94
Social Studies & Fine Arts Conference	3,125.85
TOTAL	28,877.06

A memorandum (see attachment #3) from Drs. Koss and Watson directed to Dr. Ramona Paul reflecting the purpose of the payment was “for the transfer of program funds.” The memorandum also indicated it was carbon copied to Lealon Taylor, Bunny Farley, and Linda Ruhman, all of whom were OSDE officials.

Attached to the memorandum was a schedule of what appeared to be programs operated under OSDE totaling \$28,877.06, as shown in the table at left.

One of the programs listed on the schedule was “21st Century.” The 21st Century program is a federal afterschool program. We interviewed Melodie Fulmer, Director of the 21st Century programs for OSDE, who told us when OSDE had conferences they often had difficulty getting the participants to return after lunch.

Because of this difficulty, Fulmer wanted to serve meals during the conferences. According to Fulmer, meals would not be considered a valid

expenditure of 21st Century funds. Fulmer asked her supervisor if there was another means to pay for meals at the training conferences.

Fulmer was put in touch with other key OSDE officials who, according to Fulmer, told her to collect funds from vendors which could then be deposited into a “special account” under OCIC. Fulmer began soliciting donations from various afterschool related vendors and turned the funds over to another OSDE official.

We found deposit records indicating that deposits being made into the Leadership account were recorded as deposits to the “State Department of Special Treasury” (see attachment #4). We also found deposit records indicating the deposits being made into the Encyclo-Media account were recorded as deposits to the “State Department of Education’s Encyclo-Media Conference” (see attachment #5).

Fulmer told us the fundraising was done during the hours she was employed as an OSDE official. Fulmer also said the funds were raised in the same way as the funds raised for the Leadership conference.

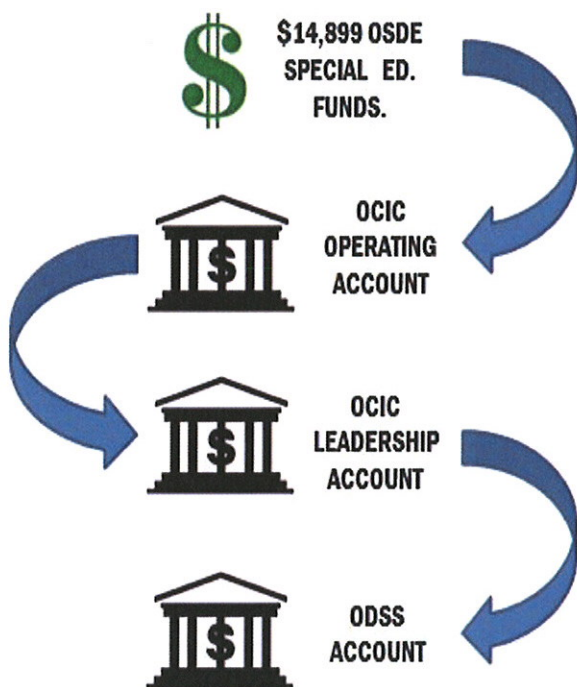
One of the itemized listings included \$14,899.94 noted as “Special Education.” We found another payment authorization submitted by Misty Kimbrough, the OSDE Assistant State Superintendent who oversaw the OSDE Special Education Services. The authorization had been signed by then OSDE Chief of Staff Lealon Taylor, authorizing a \$14,899.94 payment to the Oklahoma Directors of Special Services (ODSS). The purpose of the payment was “to transfer the entire remaining balance” of the Special Education funds held in the Leadership account.

We obtained copies of an email exchange between Kimbrough and the treasurer of ODSS. The first email from Kimbrough states, in part:

I have a question for you as Treasurer for ODSS. The Oklahoma State Department of Education Special Services is not allowed to use federal money for food and/or beverages, so for our annual special education conference, we have collected money from vendors in order to provide some snacks during break time. We have always had that money in an account with the a [sic] 3rd party, that 3rd party no longer wants to maintain the account for us and it has been suggested that we look elsewhere for a group to maintain the account. I was wondering if ODSS would consider handling this account for us? We could look at increasing the contract we currently have with ODSS to cover any additional expenses that ODSS may incur.

A follow up email sent by Kimbrough on June 16, 2009, inquired if the account had been opened *“for our money, the people currently with the money are anxious to move on it.”*

A response to the June 16, 2009, email indicated ODSS had set up a *“separate account under the Oklahoma Directors of Special Services”* and stated the funds could be transferred *“by wire transfer or mailed to me at the name and address of the account,”* which was provided in the email.



The account name provided was the “Oklahoma Directors of Special Services.” The address appeared to have been the residential address of the ODSS Treasurer who was also the Director of Special Education for Sapulpa Public Schools in June 2009.

The documentation surrounding the transfer of funds from the OCIC operating account to the Leadership account and then to the newly created ODSS account included a multitude of signatures and authorizations consisting entirely of OSDE officials.

There was no indication the memorandum, or any of the other associated documentation, had been provided to anyone other than OSDE officials.

Kimbrough was the Assistant State Superintendent over the Special Education Services and was arguably in a position of oversight at the time she requested the Sapulpa Public Schools special education director to consider “handling” the account for OSDE.

Additionally, ODSS is a vendor of OSDE. In March 2010, ODSS was paid \$5,000 from OSDE for “educational consulting.” We noted the address used for the vendor payments was listed as 1 S. Mission Street in Sapulpa, Oklahoma, the address for Sapulpa Public Schools.

The Oklahoma Secretary of State has no record of any organizational filings for ODSS. We also searched but found no records related to ODSS on GuideStar USA, a service specializing in U.S. nonprofit organizations.

Finding #6

OSDE officials engaged for annual audits of the nonprofit organization (including the two unofficial and unauthorized bank accounts). The audit reports apparently were not disclosed to the organization's board of directors.

During our interviews with the OCIC board members, they described OCIC as an organization that collected funds from membership dues paid by various schools in the state. The primary purpose of the organization was bringing in speakers and providing training for the benefit of the member school districts.

We obtained the financial audits performed by private independent audit firms for OCIC for the years 1994 through 2009. The 1994 audit, which included figures for 1993, reflected the organization had one bank account, the OCIC operating account. The total revenues for 1993 and 1994 were \$18,990 and \$20,285, respectively. The revenue source for 1993 was listed solely as "membership dues." The 1994 revenue included \$810 from book sales with the remaining \$19,475 in revenue from "membership dues."

The Leadership account first appeared in the 1997 audit report with a reported balance on June 30, 1997, of \$36,721. The 1997 audit report also included a new revenue stream listed as "summer conference" with first year revenues of \$37,470.

The Encyclo-Media account first appeared in the 2004 audit report with a reported balance on June 30, 2004, of \$84,729. The 2004 audit report listed various types of revenue including booth rentals (\$146,902), registrations (\$74,625), and refreshments (\$30,550). The 2004 revenues categorized as "memberships" were \$12,765.

Although the Encyclo-Media account first appeared in the 2004 audit report for OCIC, we found a "draft" financial audit report for "EncycloMedia" for the fiscal years ending 2000, 2001, 2002, and 2003. The draft audit report was addressed to "Jeanie Johnson, Director, Encyclomedia." The audit report indicated cash assets of \$19,602, \$71,115, \$74,656, and \$86,417 for each of the years from 2000 through 2003.

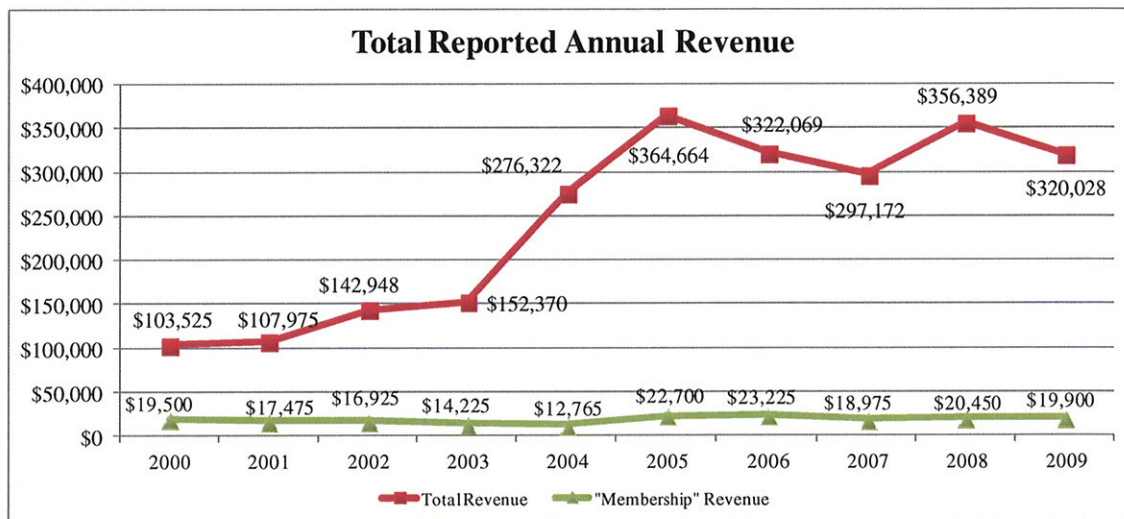
Attached to the report was an audit engagement letter addressed to and signed by Jeanie Johnson, OSDE Director Library Media, and listing the OSDE address. The audit engagement letter was signed by Johnson.

From the “draft” audit report, it appeared the Encyclo-Media account may have existed and been audited as some other type of independent entity before purportedly becoming a part of OCIC.

OCIC board members and the audit reports indicated the revenue for the OCIC operating account was derived from memberships. The 1994 audit report included the following:

The membership is open to all public and vocational-technical school systems within the state of Oklahoma. Membership is established by payment of a fee which is predetermined by the Board of Directors and based upon school size.

Using the information contained in the audit reports, we compared the revenue sources for the 10 year period from 2000 through 2009 and found the overall average revenue generated under the category “memberships” was \$18,600, while the average total revenue reported was \$240,300 as reflected in the table that follows.



The total amount of revenue reported to the OCIC board, based on the meeting minutes, appeared to have only included the amounts related to membership dues. For example, the July 19, 2005 meeting minutes, include the following relating to the financial report:

Jennifer Watson presented the financial report. She updated the entry for Checking Account Balance 7/1/04 from \$20,110.80 to \$20,332.80. She updated the entry for Certificate of Deposit from \$27,693.73 to \$23,367.60. This figure is current for 7/19/05. **Total income for July 1, 2004-June 30, 2005 was \$22,900.00.** Total expenses for the same period were

\$19,979.62. Current available assets are \$23,253.18. Marilyn Bradford moved that the financial report be approved as amended. Glenda Cobb seconded the motion. The financial report was approved. [Emphasis added]

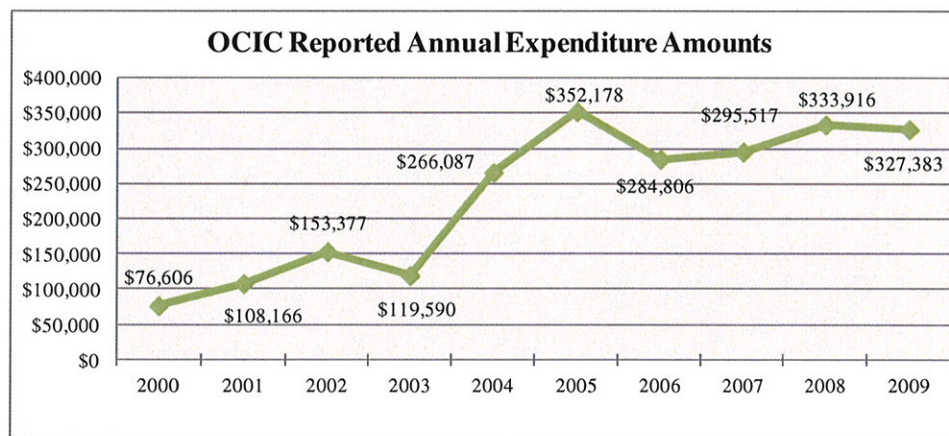
FYE 2005 Support and Revenues	
Booth Rentals	\$199,655
Registrations	\$100,816
Refreshments	\$30,400
Rebates	\$6,050
Milken	\$4,750
Memberships	\$22,700
Interest Income	\$293
Total	\$364,664

According to the financial audit report, the total revenue for July 1, 2004 through June 30, 2005, was *actually* \$364,664. The revenue sources are shown in the table at left and included \$199,655 for booth rentals.

Similarly, the total expenditures being reported to the OCIC board by the OSDE officials were substantially different than the actual totals being reported in the annual audit reports. The same meeting minutes

(quoted above) reflected the total expenditures for the July 1, 2004 through June 30, 2005 period, were \$19,979.62.

The total expenditures reflected in the annual audit report for the fiscal year ending June 30, 2005, were \$352,178. From FY2000 through FY2009, the expenditures from the account totaled \$2.3 *million*, as reflected in the chart below:



The audit reports for FY2008 and FY2009 included comments concerning related parties. Both audit reports included the following:

Only a school district's funds identified for annual Commission membership dues were deposited into any account owned or controlled by the Commission.

The audit reports reflected the total OCIC revenue as \$356,389 and \$320,028 for FY2008 and FY2009. The revenue attributed to “memberships” was reported as \$20,450 and \$19,900 for FY2008 and FY2009, respectively.

We interviewed Dr. Cindy Koss concerning the accounts. According to Dr. Koss the annual audit reports reflecting the Leadership and Encyclo-Media accounts were presented to the Board and that was how the accounts were shared with the board.

The meeting minutes we were provided gave no indication that the OCIC board of directors had been provided information relating to the annual audit reports. We asked Dr. Koss which OCIC board members would have been shown the annual audit reports.

Dr. Koss specifically named three OCIC board members as having had received the annual audit reports. We interviewed the three board members who told us they did not receive the annual audit reports, and they were not aware of the Leadership or Encyclo-Media accounts.

Finding #7

The “OCIC” Leadership and Encyclo-Media accounts were closed and new accounts were opened under *another* nonprofit organization.

In July 2009, OSDE entered into a contract with the Oklahoma State School Boards Association (OSSBA). The contract provided OSSBA would serve “as the fiscal agent of the Department of Education for the Leadership Conference and the Encyclomedia Conference and other conferences mutually agreed upon by the parties.”

Included in the contract provisions, OSSBA agreed as “fiscal agent” to:

Obtain a separate taxpayer identification number for Leadership Conference/Encyclomedia Conference; and,

Obtain a separate bank account and a credit card for the new entity.

The July 2009 contract provided for OSSBA to receive \$12,500 for their services. A second contract, with an effective date of January 1, 2010, was executed between OSDE and OSSBA increasing the amount to \$25,000 annually. Both contracts had been signed by Sandy Garrett as the “State Superintendent of Public Instruction.”

On January 25, 2010, OCIC also entered into a contractual agreement with OSSBA wherein OSSBA agreed to serve as a fiscal agent for OCIC.

On February 23, 2010, a \$32,611.17 check was issued from the Leadership bank account to the “OSSBA FBO Leadership” bank account. The check included the notation “transfer to BancFirst.” The transfer left a balance of \$1,187.41 which was used over the next few months to pay for booth space refunds. On January 10, 2011, a final check in the amount of \$270.41 was issued to close and transfer the remaining balance.

On February 23, 2010, a \$59,227.15 check was issued from the “Encyclo-Media OCIC” bank account to the “OSSBA FBO Encyclo-Media” bank account closing the “Encyclo-Media OCIC” account and transferring the funds to the newly created “OSSBA FBO Encyclo-Media” account.

On April 8, 2011, a check in the amount of \$8,437.72 was issued closing the OCIC operating account and moving the funds to a newly created OCIC account.

We find it noteworthy the funds collected by the OSDE officials were maintained as the “private” funds of OCIC until the accounts were closed.

In the process of moving the funds from one nonprofit organization to another nonprofit organization, the funds somehow became OSDE funds and State Superintendent Garrett now had the apparent authority to transfer those funds.

We have not reviewed the financial records related to the OSSBA Leadership account and Encyclo-Media account to determine the disposition of the \$92,108.73 funds transferred by former State Superintendent Garrett to OSSBA.

Finding #8 Multiple attempts to seek explanations and/or clarification from former OSDE officials were not answered.

We interviewed Dr. Koss on November 7, 2011. The same day as our interview with Dr. Koss, we received an email from OSDE former Chief of Staff Lealon Taylor. The email read, "Dr. Koss thought the attached email might be helpful to you."

Attached to the Taylor email was a copy of an email dated April 26, 2004, and purportedly from former Legal Counsel Kay Harley to Sandy Garrett, Lealon Taylor, and Mark Mann (see attachment #6). The email included the following:

Sandy, Lealon and Mark

Re: Conferences

Gay Tudor returned my call and provided the following information. She said she had not learned anything other than what she told us the other day. However, if State Department of Education wants to establish a "paper trail for the future" we could contract with OCIC for our conferences.

Gay mentioned that she though [sic] what the State Department of Education is doing is fine. She gave me the name and number of a person at Tourism who would have a copy of the contract Tourism uses with the entity who helps sponsor some of their conference [sic]. I have a call into this person. In the mean time I will draft something I think is appreciate [sic] for your review.

Again, Gay did not say a contract is necessary she just said it would make us feel better than [sic] have one.

Kay Harley
General Counsel
Oklahoma State Department of Education

In response to the email, on November 8, 2011, we asked Mr. Taylor when he would be available for us to interview him concerning the accounts. We received no response to that email.

On February 6, 2012, we again sent an email to Taylor reiterating our desire to speak with him concerning the OCIC/OSDE relationship and the Leadership and Encyclo-Media accounts.

A week later, Taylor responded to our email advising us that our concerns and issues could be addressed by Kay Harley. Taylor included in the email, “[A]s I shared in my email on November 8th, the Attorney General’s office approved this arrangement.”

On February 13, 2012, we requested again to speak with Taylor concerning these accounts, as well as to discuss the actions and activities of the OSDE officials concerning the accounts. We received no response to our request.

On February 15, 2012, we made an additional request to speak with Taylor outlining our desire to speak with him as the former Chief of Staff, specifically regarding OSDE officials and employees being assigned duties related to the collection, depositing, record keeping, and expenditures from these accounts. We have not received a response to our request.

The email provided by Taylor was dated in April 2004. The annual audit report for FYE June 30, 2004, reflected the OCIC “Executive Committee Board of Members” consisted of nine members, including former State Superintendent Sandy Garrett. We interviewed eight of the nine members who all stated they were not aware OCIC was somehow linked to the Leadership or Encyclo-Media accounts or conferences.

Former Superintendent Garrett has not responded to our requests for an interview.

Conclusion

Information developed during our interviews with OSDE officials, as well as records we reviewed indicated OSDE officials were:

- Soliciting funds for conferences as part of their OSDE duties.
- Recording, accounting for and depositing those funds into various unofficial “private” accounts.
- Two of the “private” accounts held under the name of OCIC had not been disclosed to the OCIC board of directors.
- The OCIC operating account appeared to have also been used for purposes more aligned with OSDE than OCIC.
- The use of the unofficial “private” accounts allowed OSDE officials to spend money with no governmental oversight.

In addition to being able to issue payments with no governmental oversight, the accounts may have also been used to avoid public scrutiny.

For example, we found a 2005 hotel bill reflecting charges of \$12,600 for the Superintendent’s Leadership Conference for expenses including hotel rooms for OSDE staff, food items such as “Assorted Quiche,” “Maryland Crab Cakes,” a “Chocolate Fountain,” as well as 85 bottles of wine and three kegs of beer (see attachments #7 and #7a).

The invoice was sent to P.O. Box 18793, one of the three “OCIC” post office boxes. It was stamped “Received, Professional Services, Oklahoma State Department of Education” and was approved by Tom White and Dr. Ramona Paul, both OSDE officials (see attachment #8).

A “*slush fund*” is typically regarded as an unregulated fund that has little if any oversight and which can be used with little or no accountability. The accounts we identified appear to have been operated as slush fund accounts allowing OSDE officials to issue payments shielded from governmental oversight as well as public scrutiny.

Over a period of 10 years, in excess of \$2.3 million has been expended from these accounts.

Other Concerns

According to bank records in 2007, 2008, and 2009, over \$300,000 had been expended from the Encyclo-Media account. We have very few records related to these expenditures with respect to invoices, approvals, receipts, or other documentation supporting the expenditures.

In addition to the lack of financial records, we are also concerned OSDE officials, who are employees of the State of Oklahoma, had been carrying out duties related to OCIC, a private nonprofit organization, by virtue of their positions as employees of the State of Oklahoma.

In addition to having employees of the State of Oklahoma working on projects, soliciting donations, receiving, accounting for, and depositing funds into accounts that were not authorized by the State of Oklahoma, we have additional concerns related to OSDE officials soliciting donations from companies that may be contracting or otherwise receiving payments from OSDE.

We are cognizant that vendors who would want to have an exhibit booth at an OSDE event, such as the Leadership conference, are most likely vendors who have some connection or interest in education. Thus they would likely be legitimate vendors or contractors with OSDE.

However, our concern is when vendors are contacted by OSDE officials, including the OSDE Chief of Staff, and are solicited to make donations, they may feel compelled or obligated to make those donations in order to maintain their contracts with OSDE.

Although our inquiry was limited, during a preliminary review, we found examples of deposits made to the Leadership account which came from business entities having received substantial payments from OSDE. We noted, for example:

- A 2009 deposit to the Leadership account from a company that received \$1.1 million from OSDE for “educational consulting” beginning in 2010.
- A 2009 deposit to the Leadership account from a company that received \$2.3 million from OSDE between 2006 and 2009.
- A 2009 deposit to the Leadership account from a company that received over \$17 million from OSDE between 2006 and 2009.

We have not reviewed the financial records related to the newly created OSSBA/OSDE Leadership account and Encyclo-Media account to determine the disposition of the \$92,108.73 “OCIC” funds transferred by former State Superintendent Garrett to OSSBA.

In addition, we have no records related to the \$14,899.94 special education funds apparently transferred from the various “OCIC” accounts to the newly created ODSS third party account.

The matters discussed in this report are based on a limited inquiry resulting from the original request to investigate issues related to a now former OSDE official's travel claims.

Because of the scope and nature of the issues we have identified during our limited inquiry, additional investigation may be warranted.

DISCLAIMER

In this report, there may be references to state statutes, Attorney General's opinions and other legal authorities that appear to be potentially relevant to the issues 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. Such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

Attachment #1



Leadership2009

State Superintendent's Annual Leadership Conference
Wednesday, July 15 – Friday, July 17, 2009
Cox Convention Center, Oklahoma City

Please complete and send donation and information to: OCIC/Leadership Conference
P.O. Box 18793
Oklahoma City, Oklahoma 73154

Company Name to be listed in the Advertising: Chesapeake Energy Corporation

Contact Person: Britton Thomason

Address, City, State, Zip: 10100 N. Western Ave. OKC, OK 73118

Phone Number: 405-935-3645

Email Address: britton.thomason@chk.com

Sponsorship Amount: \$1,000 ~~\$1,000~~

Sandy Garrett, State Superintendent of Public Instruction • Oklahoma State Department of Education

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
RELEASE DATE – MARCH 7, 2012

Attachment #2

OCIC – Standards and Curriculum

State Department of Education
Office of Standards and Curriculum
Authorization for Payment

Amount Due: \$28,877.06 Date: April 14, 2009

Payee: OCIC / Leadership Account

Address: P.O. Box 18793
Oklahoma City, Oklahoma 73154

Payment For: Transfer of Programs Funds back
to OCIC / Leadership Account

Submitted by: Cindy Koss
(SDE Staff only)

BE SURE TO ATTACH INVOICE / RECEIPTS

To be completed by Standards and Curriculum Representative:

APPROVED FOR PAYMENT: \$ 28,877.06

Date Paid: April 14, 2009

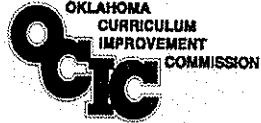
Check Number: 2357

Treasurer's Initials: JW 4-14-09
Treasurer, Jennifer Watson Date

Approved by: Cindy Koss, OCIC Executive Secretary 4-14-09
Executive Secretary, Cindy Koss, OCIC Date

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
RELEASE DATE – MARCH 7, 2012

Attachment #3



P.O. Box 36451, Oklahoma City, OK 73136-6451 • (405) 521-4514

TO: Dr. Ramona Paul
Assistant State Superintendent
Professional Services
Oklahoma State Department of Education

FROM: J Cindy Koss
Executive Secretary
Oklahoma Curriculum Improvement Commission (OCIC)

Jennifer Watson
Treasurer
Oklahoma Curriculum Improvement Commission (OCIC)

DATE: April 14, 2009

SUBJECT: Program Funds Transferred to OCIC / Leadership Account

Please find attached a check for the transfer of program funds from the OCIC Account # 1001433 to be deposited in the OCIC / Leadership account #1093734. A list of the programs with their amounts is also attached.

cc: Lealon Taylor
Bunny Farley
Linda Ruhman


Attachments

Attachment #4

State Department of SPECIAL TREASURY		
Conference 2008		
Treasurer's Record of Deposits		
EXHIBITOR FEES		
6/8/2008		
CoName	Check #	Amount
1 Houghton Mifflin Company	500228783	\$ 2,850.00
2		
3		
4		
5 Leadership \$1350		
6 Encyclomedia \$1500		
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Total		\$ 2,850.00

Attachment #5

State Department of Education's Encyclo-Media Conference 2007 Treasurer's Record of Deposits EXHIBITOR FEES 10/5/2007		
Co Name	Check #	Amount
1 Federal Reserve Bank of Kansas City	34811	\$500.00
2 State of Oklahoma (OK Dept of Libraries)	103243508	\$200.00
3 Aurora Learning Community	1784	\$100.00
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41		
Total		\$800.00

 **BANK OF OKLAHOMA**
www.bok.com

DEPOSIT RECEIPT

Items received for deposit are subject to the provisions of the applicable account agreement.

Ask About Our Great Deposit Rates!

DDDEP 101207 30 \$800.00 87 12:01

BOK-1043 (1/07)

Member FDIC

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
RELEASE DATE – MARCH 7, 2012

Attachment #6

Printed by: Lealon Taylor
Title: Conferences

Monday, April 26, 2004 1:39:05 PM
Page 1 of 1



Monday, April 26, 2004 1:34:59 PM
Message

From: Kay Harley

Subject: Conferences

To: Sandy Garrett
Lealon Taylor
Mark Mann

Sandy, Lealon and Mark

Re: Conferences

Gay Tudor returned my call and provided the following information. She said she had not learned anything other than what she told us the other day. However, if State Department of Education wants to establish a "paper trail for the future" we could contract with OCIC for our conferences.


Gay mentioned that she thought what the State Department of Education is doing is fine. She gave me the name and number of a person at Tourism who would have a copy of the contract Tourism uses with the entity who helps sponsor some of their conference. I have a call into this person. In the mean time I will draft something I think is appreciate for your review.

Again, Gay did not say a contract is necessary she just said if it would make us feel better than have one.

Kay Harley
General Counsel
Oklahoma State Department of Education

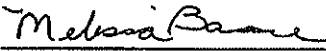
OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
RELEASE DATE – MARCH 7, 2012

Attachment #7

 <p>DOUBLETREE HOTEL Tulsa - Downtown</p>	<p>Banquet Check</p> <p>Doubletree Hotel Tulsa Downtown 818 West 7th Street • Tulsa, Oklahoma 74127 (918) 587-8000 • Fax (918) 587-3001</p>	<p>Check#: 16,244.00 Page: 1 of 2 Created: 7/18/2005</p>
<p>Account: Oklahoma State Department of Education Post As: OSDE 2005 Leadership Conference BEO Name: Reception Address: 2500 North Lincoln Blvd. Oklahoma City, OK 73105</p>	<p>Event Date: 7/18/2005</p> <p>Contact: Mr. Mark Mann Phone: 405-522-8767 Fax: 405-522-0768 On-Site: Mr. Mark Mann Service Mgr: Debbie DiGirolamo</p>	
<p>Group ID: Folio Number: C-OSD</p>	<p>Business Type: Banquet</p>	

Quantity	Food	Price	Amount
1 1/2	Large Berry & Poundcake Display	375.00 per Display	562.50
1 1/2	Large International Cheese Display	350.00 per Display	525.00
	Assortment of Domestic and Imported Cheeses Served with a Selection of Water Crackers		
2	Maryland Crab Cakes w/ Sauce Remoulade	225.00 per 100 pieces	450.00
2	Assorted Canapes	225.00 per 100 pieces	450.00
1	Bousin Cheese Tartlets	195.00 per 100 pieces	195.00
3	Assorted Petite Fours	225.00 per 100 pieces	675.00
1	Chocolate Fountain	500.00 per fountain	500.00
2	Curry Chicken Bouches	175.00 per 100 pieces	350.00
2	Smoked Salmon Mousse in a Puff Pastry	195.00 per 100 pieces	390.00
1	Asparagus wrapped in Prosciutto	195.00 per 100 pieces	195.00
2	Mini Beef Wellingtons	250.00 per 100 pieces	500.00
2	Assorted Quiche	150.00 per 100	300.00
1	Smoked Bacon Wrapped Scallops	225.00 per 100 pieces	225.00
2	Tomato and Goat Cheese Mini Tarts	200.00 per 100 pieces	400.00
5	Gallon Freshly Brewed Coffee	29.00 per gallon	145.00
10	Gallon Citrus Fruit Punch (O.J., Pineapple, Club Soda, Sprite)	29.00 per gallon	290.00
1	Added on by Melissa	0.00	0.00
0 1/2	Fried Ravioli	175.00	87.50
0 1/2	Smoked Chicken Quesadilla Rolls	175.00	87.50
1	Chicken Tenders	195.00	195.00
2	Italian Meatballs	155.00	310.00
0 1/2	Assorted Mini Quiche	150.00	75.00
Subtotal:			6,907.50
Service Charge %: 20.00			1,381.50
Tax %: 8.52			708.22
Total:			8,995.22

Quantity	Beverage	Price	Amount
31	Bottles Forest Glen Chardonnay	21.00 per bottle	651.00
20	Bottles Berfinger White Zinfandel	18.00 per bottle	360.00
34	Bottles Forrest Glen Cabernet Sauvignon	23.00 per bottle	782.00


Client Signature

7-18-05
Date

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
RELEASE DATE – MARCH 7, 2012

Attachment #7a

Account: Oklahoma State Department of Education	Event Date: 7/18/2005
Post As: OSDE 2005 Leadership Conference	Contact: Mr. Mark Mann
BEO Name: Reception	Phone: 405-522-8767
Address: 2500 North Lincoln Blvd.	Fax: 405-522-0768
Oklahoma City, OK 73105	On-Site: Mr. Mark Mann
	Service Mgr: Debbie DiGirolamo
Group ID:	Business Type: Banquet
Folio Number: C-OSD	

	Subtotal:	1,793.00
	Service Charge %:	20.00 358.60
	Tax %:	22.02 473.72
	Total:	2,625.32

3 Kegs Kegs of Light Beer	275.00 per keg	825.00
	Subtotal:	825.00
	Service Charge %:	20.00 165.00
	Tax %:	8.52 84.35
	Total:	1,074.35


Room Rental	Price	Amount
Room: Buckingham/Windsor	Function: RECP	
	Subtotal:	0.00
	Tax %:	8.52 0.00
	Total:	0.00

Grand Total:	12,694.89
Balance Due:	12,694.89

<u>Melissa Basse</u>	<u>7-18-05</u>
Client Signature	Date

OKLAHOMA STATE DEPARTMENT OF EDUCATION
SUPPLEMENTAL INVESTIGATIVE REPORT
RELEASE DATE - MARCH 7, 2012

Attachment #8

 DOUBLETREE[®] HOTEL <small>TULSA - DOWNTOWN</small>																		
616 West 7th Street • Tulsa, OK 74127 Phone (918) 587-8000 • Fax (918) 587-1642 www.doubletree.com or 1 800 222 TREE																		
NAME & ADDRESS		ORIGINAL																
STATE SUPER' ANNUAL LEADERSHIP ATTN: TOM WHITE PO BOX 18793 OKLAHOMA CITY, OK 73154		INVOICE # 37334 INVOICE DATE 08/01/05 YOUR ACCOUNT # S2000 YOUR P/O #																
PAGE 1		I N V O I C E																
<table border="1" style="width: 100%;"><thead><tr><th>DATE</th><th>FOLIO</th><th>DESCRIPTION</th><th>AMOUNT</th></tr></thead><tbody><tr><td>07/29/05</td><td>272107 A</td><td>Xlr fr 0697 [Grp OSD [RTD FR OK STATE DEPT OF ED:RCPT A]]</td><td>17,359.00</td></tr><tr><td></td><td></td><td>less Item 16247 billed to us incorrectly</td><td><u>-258.17</u></td></tr><tr><td></td><td></td><td></td><td>17,100.83</td></tr></tbody></table>			DATE	FOLIO	DESCRIPTION	AMOUNT	07/29/05	272107 A	Xlr fr 0697 [Grp OSD [RTD FR OK STATE DEPT OF ED:RCPT A]]	17,359.00			less Item 16247 billed to us incorrectly	<u>-258.17</u>				17,100.83
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			less Item 16247 billed to us incorrectly	<u>-258.17</u>														
			17,100.83															
<div style="border: 1px solid black; padding: 5px; display: inline-block;">RECEIVED PROFESSIONAL SERVICES AUG 05 2005 OKLAHOMA STATE DEPT OF EDUCATION</div>																		
<p><i>Summary of Expenses for Superintendent's Reception, Noon Lunches, Staff Room Rentals, and Miscellaneous Expenses, less Hotel Rebates</i></p> <p>Correct <u><i>Tom White</i></u> Approved <u><i>Lamara Paul</i></u></p> <p><i>ck # 1551 8/8/05</i></p>																		
PAYMENT DUE UPON RECEIPT 17,359.00																		
DUE UPON RECEIPT OF INVOICE!		QUESTIONS CONCERNING THIS INVOICE? CALL: SUSIE @ 918 732 3627																
PAYMENT DUE UPON RECEIPT - 1.5% PER MONTH INTEREST CHARGE WILL BE APPLIED TO ALL PAST DUE INVOICES.																		



OFFICE OF THE STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

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