



Dave Yost • Auditor of State

**TECUMSEH LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Tecumseh Local School District
9760 West National Road
New Carlisle, OH 45344

We conducted a special audit of the Tecumseh Local School District, Clark County, Ohio (the District) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period October 10, 2012 through December 11, 2014 (the Period) solely to:

- Examine documentation supporting casino slot machine playing activity associated with Bradley Martin, District Superintendent, and determine whether any of the activity occurred during Mr. Martin's typical work hours.
- Examine documentation supporting non-payroll disbursements made payable to Bradley Martin, District Superintendent, to ensure the disbursements were supported, District-related and in accordance with District policies.

This engagement was conducted in accordance with the Quality Standards for Inspection and Evaluation established by the Council of the Inspectors General on Integrity and Efficiency (January 2012). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined patron slot machine playing records for Mr. Martin that were obtained by the Clark County Sheriff's Office from casinos and determined if Mr. Martin was playing slot machines during his typical work hours at the District.

Significant Results: We identified 133 days and a total of 307 hours that Mr. Martin played slot machines at four casinos during his typical work hours for the Period. In addition, we determined that Mr. Martin spent 121 hours driving to and from casinos during his typical work hours for the Period. We issued a finding for recovery against Mr. Martin totaling \$24,550 for public property which has been converted or misappropriated.

2. We examined reimbursements to Mr. Martin for mileage and other business expenses and determined whether such reimbursements were supported, for District-related expenses and in accordance with District policies.

Significant Results – The District issued 34 non-payroll disbursements totaling \$12,266 to Mr. Martin for 385 trips he reported for mileage reimbursements. We determined that 77 of the 385 trips reported by Mr. Martin totaling \$4,891 were not valid and were not for a purpose related to the operations of the District. We issued a finding for recovery against Mr. Martin totaling \$4,891 for public property which has been converted or misappropriated.

The District issued six non-payroll disbursements totaling \$6,470 to Mr. Martin for 12 iPads he claimed to have purchased for the District. We determined that eight of the iPads valued at \$4,493 were never provided to the District. We issued a finding for recovery against Mr. Martin totaling \$4,493 for public property which has been converted or misappropriated.

Mr. Martin did not attend three conferences for which the District paid registrations totaling \$805. We issued a finding for recovery against Mr. Martin totaling \$805 for public property which has been converted or misappropriated.

We issued a management recommendation for verifying goods purchased prior to issuing payment.

3. On June 18, 2015, we held an exit conference with the following individuals representing the District:

Board President, Peter Scarff
Board Member, Dan Studebaker
Board Member, Mert Christmann
Interim Superintendent, Paula Crew
Treasurer, Debra Schock
Attorney, Susan Oppenheimer

The attendees were informed that they had five business days to respond to this special audit report. A response was received on June 24, 2015. The response was evaluated and changes were made to this report as we deemed necessary.



Dave Yost
Auditor of State

April 23, 2015

Supplement to the Special Audit Report

Background

On December 23, 2014, the Auditor of State's (AOS) Special Investigations Unit (SIU) was contacted by Clark County Sheriff's Office (CCSO) to assist in a search warrant at the personal residence of Bradley Martin, Superintendent of Tecumseh Local School District.

On December 29, 2014, the AOS Special Audit Section was notified by SIU that they were assisting in an investigation being conducted by CCSO and the Ohio Bureau of Criminal Investigation (BCI)¹ regarding a potential theft of District funds by Mr. Martin. CCSO and BCI requested the AOS assist in the investigation by reviewing the personal bank records of the Superintendent. This information was considered by the AOS Special Audit Task Force (SATF) and on January 6, 2015, the SATF voted to have the Special Audit Section provide audit assistance to CCSO and BCI.

On January 13, 2015, CCSO provided the AOS Special Audit Section with records from multiple casinos where the Superintendent played slot machines during the period of October 2012 through December 2014. A preliminary review of the casino records indicated the Superintendent was at various casinos during regular business hours of the District.

Subsequent to our initial review of Mr. Martin's casino records on January 13, 2015, the SATF initiated a Special Audit of this matter and continued a joint investigation into these issues with CCSO and BCI.

On April 29, 2015, Mr. Martin pled guilty to three criminal charges that included theft in office, tampering with records, and forgery.

¹ BCI is a criminal investigative branch of the Ohio Attorney General's Office
Tecumseh Local School District

Supplement to the Special Audit Report

Objective No. 1 – Casino Slot Machine Play During the Superintendent's Typical Working Hours

PROCEDURES

We obtained Mr. Martin's contracts with the District and determined his hourly rate for the Period.

We obtained the District's 'Job Calendar Reports' and identified the scheduled work days for administrators. We also obtained leave records from the District and identified any days that Mr. Martin used leave time (sick, personal, vacation) for the Period, to determine Mr. Martin's core working hours.

We obtained casino records subpoenaed or requested by the CCSO for Hollywood Casino Columbus, Hollywood Casino Toledo, and Horseshoe Casino Cincinnati², Hollywood Casino Dayton, and Miami Valley Gaming reporting Mr. Martin's casino slot machine playing activity for the Period. We reviewed these records and identified the days and times that Mr. Martin was reported at a casino playing slot machines during scheduled work days.

We reviewed maps prepared by BCI from data they collected from a cell phone tower analysis for Mr. Martin's cell phone for dates in 2014 where we identified Mr. Martin at a casino during typical work hours.

RESULTS

During the period of October 10, 2012 through December 21, 2012, Mr. Martin was the Assistant Superintendent of the District and per his contract was to be paid an annual rate of \$94,263. On December 22, 2012, Mr. Martin became the Superintendent, at an annual rate of \$118,000.

We concluded Mr. Martin's typical working hours were 8:00 am until 4:00 pm.

During the Period, we determined that Mr. Martin was playing slot machines at a casino for 133 of the 477 days (27%) he was scheduled to work. Mr. Martin used District work hours to travel to Hollywood Casino Columbus and Miami Valley Gaming in Lebanon to play slot machines during his typical work hours. Hollywood Casino Columbus is 53 miles and Miami Valley Gaming is 43 miles from the District's Board Office.

For the dates in 2014 where we identified Mr. Martin at a casino during typical work hours, the maps prepared by BCI reported that Mr. Martin's cell phone was located at towers within two to three miles of the casinos in either Columbus or Lebanon during a portion of the time slot machine play was reported for Mr. Martin per the casino records.

FINDING FOR RECOVERY

During the Period, Mr. Martin was present at casinos for a total of 307 hours during his typical working hours at the District, and he was playing slot machines for a majority of that time. In addition, we determined that Mr. Martin spent 121 hours traveling to and from casinos during his typical working hours. Mr. Martin did not use leave time to substantiate his time away from the District. The hours spent traveling to and from casinos and playing slot machines at the casino resulted in Mr. Martin being compensated \$24,550 by the District for time he did not work.

² Records received from Horseshoe Casino Cincinnati did not specify exact hours of casino play history. We were only provided with dates and total minutes/hours of play time. Accordingly, we were unable to determine whether Mr. Martin was at Horseshoe Casino Cincinnati during District work hours.

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In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Bradley Martin and his bonding company, Travelers Casualty and Surety Company of America, for \$24,550 in favor of the General Fund of the Tecumseh Local School District.

Supplement to the Special Audit Report

Objective No. 2 - Superintendent's Expense Reimbursements

PROCEDURES

We identified all non-payroll disbursements issued to Mr. Martin during the Period and we examined available supporting documentation to determine whether the disbursements were for District-related business and in accordance with District policies.

We identified conferences that Mr. Martin was registered to attend and that were paid for by the District for the Period. Where we were able, we confirmed Mr. Martin's attendance at the conferences.

We reviewed maps prepared by BCI from data they collected from a cell phone tower analysis for Mr. Martin's cell phone for selected dates in 2014.

RESULTS

The District issued 34 checks totaling \$12,266 to Mr. Martin for mileage reimbursements related to travel for the Period. The District issued six checks totaling \$6,470 to Mr. Martin for iPad reimbursements.

During the Period, we confirmed with the Buckeye Association of School Administrators (BASA) and the District that Mr. Martin was registered to attend five conferences that were organized by BASA; however he only attended three. In addition, we confirmed with the Ohio Department of Education (ODE) that Mr. Martin was registered to attend 10 events (none of which required a registration fee); however, he cancelled three events and was reported by ODE as not attending one event. Also, Mr. Martin was registered to attend six other conferences not sponsored by BASA or ODE that were paid for by the District, however, we determined that he did not attend one of these conferences.

FINDINGS FOR RECOVERY

Mileage Reimbursements

Board Policy 6550 - Travel Payment & Reimbursement provides in part the following:

"Travel expenses incurred for official business travel on behalf of the Board shall be limited to those expenses necessarily incurred by the employee in the performance of a public purpose authorized, in advance, in accordance with administrative guidelines.

Payment and reimbursement rates for per diem meals, lodging, and mileage shall be approved by the Board. The Board shall establish mileage rates in accordance with the Federal IRS prescribed mileage rate.

Employees are expected to exercise the same care incurring travel expenses that a prudent person would exercise in traveling on personal business and expending personal funds. Unauthorized costs and additional expenses incurred for personal preference or convenience will not be reimbursed.

All travel shall comply with the travel procedures and rates established in the administrative guidelines."

Additionally, the District's Administrative Guidelines for Mileage Reimbursement requires the completion of Form 6320H F1 as follows:

- Date - Type date of mileage requesting reimbursement took place.

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- From/To - From what destination to what location.
- Mileage - Total all miles driven.
- Total Mileage Reimbursement - Total miles x IRS rate per mile.

When being reimbursed for mileage, Mr. Martin completed the District travel form 6320H F1 that identified the location where he traveled, the total mileage of the trip, and calculated the amount due based upon total miles multiplied by the IRS rate per mile. Mr. Martin did not always provide the date of the trips for which he was requesting reimbursement. During the Period, we identified 77 trips totaling \$4,891 that were not valid for the following reasons:

- Mr. Martin reported 37 trips to the Buckeye Association of School Administrators (BASA) located in Columbus during the Period. We confirmed with BASA and the District that Mr. Martin was registered and paid to attend five conferences with BASA for the Period; however, he only attended three of the conferences. In addition, the Bureau of Criminal Investigation (BCI) performed a cell tower analysis of Mr. Martin's cell phone for 22 dates he claimed to travel to BASA in 2014 and established that Mr. Martin was not located near BASA on these dates. Also, in 2013 and 2014, Mr. Martin reported 11 trips to BASA and we confirmed with BASA that there were no conferences scheduled on these dates or Mr. Martin was not registered to attend a conference that was being held. We determined that 33 of the 37 trips reported by Mr. Martin were not valid totaling \$2,314.
- Mr. Martin reported 22 trips to the District's attorney located in Columbus. Prior to the commencement of this Special Audit, the District contacted the attorney and requested if Mr. Martin had been to their office for the dates he reported. The District's attorney confirmed they had record of Mr. Martin dropping off records to their office for only three dates. Therefore, 19 trips were not valid totaling \$1,245.
- In May and June of 2014, Mr. Martin reported five individual trips to Mason, Cincinnati, Lancaster, Canal Winchester, and Delaware, Ohio and added a note stating "Truck". According to District employees, Mr. Martin stated he was looking at used trucks to purchase for the District. Also, Mr. Martin reported four trips to Columbus to go to the Ohio Statehouse, ODE, and the Columbus Convention Center twice. BCI performed a cell tower analysis of Mr. Martin's cell phone for dates he claimed to travel to these locations and established that Mr. Martin was not located near any of these locations on these dates. Mr. Martin was reimbursed \$644 for these trips.
- We identified five dates that Mr. Martin reported travel for eight trips; however, Mr. Martin had taken leave and was not scheduled to be working for the District on those dates. Mr. Martin was reimbursed \$127 for these trips.
- Mr. Martin reported three trips to attend meetings with the Southwestern Ohio Instructional Technology Association and two trips to the Ohio Migrant Education Center for which the District confirmed with both of these entities that Mr. Martin did not attend any of these meetings. Mr. Martin was reimbursed \$411 for these trips.
- Mr. Martin registered to attend two conferences through ODE and we confirmed with them that he cancelled one conference and was not in attendance at the other conference; however, he still reported the trips for reimbursement. Also, Mr. Martin reported one trip to ODE for a conference that he was not registered to attend. Mr. Martin was reimbursed \$150 for these trips.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Bradley Martin and his bonding company, Travelers Casualty and Surety Company of America, for \$4,891 in favor of the General Fund of the Tecumseh Local School District.

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iPad Reimbursements

During the Period, Mr. Martin submitted three purchase requisitions to the District for the purchase of eight iPads. The District issued three checks totaling \$4,493 to Mr. Martin; however, no receipts were provided to support the purchases and the District never received any of the iPads.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Bradley Martin and his bonding company, Travelers Casualty and Surety Company of America, for \$4,493 in favor of the General Fund of the Tecumseh Local School District.

Conference Fees

During the Period, Mr. Martin was registered but did not attend three conferences that were paid by the District totaling \$805. These conferences included the following:

1. "How to Win a Levy Conference" – This conference was scheduled for February 24, 2014 from 8:30 am to 3:30 pm at the University of Dayton. Mr. Martin's leave records indicate he used sick leave from 8:00 am to 12:00 pm on this date and worked the rest of the day. However, casino records indicate that Mr. Martin was at Miami Valley Gaming in Lebanon from 1:43 pm to 3:14 pm on this date. (These District hours were previously included in a Finding for Recovery against Mr. Martin in Objective No. 1.) Also, a District employee was at the conference and provided a statement that Mr. Martin did not attend this conference. The cost of this conference was \$200.
2. 'How to School Finance I' - This conference was scheduled from 9:00 am to 4:00 pm on April 23, 2014 and from 8:30 am to 12:00 pm on April 24, 2014 at the Buckeye Association of School Administrators office in Columbus. We determined that Mr. Martin was at Hollywood Casino Columbus casino from 9:30 am to 6:15 pm on April 23, 2014 per review of casino records. BCI performed a cell tower analysis of Mr. Martin's cell phone for these dates and provided maps of his location. The maps reported that his cell phone was identified by cell towers as being within a couple miles of Hollywood Casino Columbus casino during the time reported on the casino records for April 23rd and he was not located in Columbus on April 24th. The cost of this conference was \$280.
3. 'BASA Fall Conference' - This conference was scheduled from 9:00 am to 4:30 pm on September 30, 2014 and from 8:30 am to 11:30 am on October 1, 2014 at the Polaris Hilton in Columbus. We determined that Mr. Martin was present at Hollywood Casino Columbus from 8:28 am to 11:15 am and 12:53 pm to 2:25 pm playing slot machines. BCI performed a cell tower analysis of Mr. Martin's cell phone for September 30th and October 1st and provided maps of his location. The maps reported that his cell phone was identified by cell towers as being within a couple miles of Hollywood Casino Columbus casino during the time reported on the casino records. In addition, Mr. Martin's cell phone was identified by cell towers as being within a couple miles of the Polaris Hilton but only from 11:56 am to 12:09 pm during the luncheon of the conference. We determined that Mr. Martin was present at Miami Valley Gaming in Lebanon playing slot machines from 8:40 am to 11:06 am on October 1st per review of casino records and confirmed his location with maps provided from BCI's cell tower analysis. The cost of this conference was \$325.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Bradley Martin and his bonding company, Travelers Casualty and Surety Company of America, for \$805 in favor of the General Fund of the Tecumseh Local School District.

MANAGEMENT RECOMMENDATION

During the Period, the District issued three purchase orders to Brad Martin to purchase eight iPad's totaling \$4,493. The District issued three checks to Mr. Martin prior to verifying that the iPad's had been purchased and received by the District which resulted in public property being converted or misappropriated.

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We recommend the District verify that all goods purchased have been received and properly documented on their purchase orders prior to issuing checks to employees or vendors.

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TECUMSEH LOCAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 11, 2015**