

STATUTORY REPORT

# ALFALFA COUNTY TREASURER

March 31, 2016



*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

**VALERIE VETTER, COUNTY TREASURER  
ALFALFA COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
MARCH 31, 2016**

---

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

May 23, 2016

BOARD OF COUNTY COMMISSIONERS  
ALFALFA COUNTY COURTHOUSE  
CHEROKEE, OKLAHOMA 73728

Transmitted herewith is the Alfalfa County Treasurer Statutory Report for March 31, 2016. The engagement was conducted in accordance with 74 O.S. § 212.

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 our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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



# Oklahoma State Auditor & Inspector

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

Valerie Vetter, County Treasurer  
Alfalfa County Courthouse  
Cherokee, Oklahoma 73728

Dear Ms. Vetter:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures:

- Determine whether bank reconciliations are properly performed, visually verify the certificates of deposit, and confirm the investments.
- Determine whether subsidiary records are reconciled to the general ledger.
- Determine whether deposits and invested funds are secured by pledged collateral.

All information included in the bank reconciliations, the investment ledger, the subsidiary ledgers, and the general ledger is the representation of the County Treasurer.

Our county treasurer statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Alfalfa County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

April 27, 2016

## SCHEDULE OF FINDINGS AND RESPONSES

### **Finding 2016-01 – Inadequate Internal Controls Over Bank Account Reconciliations and the Official Depository Ledger (Repeat Finding)**

**Condition:** The review of the County Treasurer's bank accounts reconciliation process indicated unsubstantiated reconciling items were used in the process of verifying general ledger balances to bank statement balances. Supporting documentation could not be provided for all reconciling items on the March 31, 2016 bank statement reconciliations. As a result, the following variances remained unresolved:

- Reconciling items of \$1,595.34 could not be supported on the bank statement reconciliation for the Official Depository Account.
- A reconciling item of \$283.00 could not be supported on the bank statement reconciliation for the Credit Card Account
- A reconciling item of \$1,055.63 could not be supported on the bank statement reconciliation for the Outstanding Warrant account.
- A reconciling item of \$95.66 could not be supported on the bank statement reconciliation for the Investment MMDA account.
- A reconciling item of \$56.61 could not be supported on the bank statement reconciliation for the Miscellaneous Outstanding Warrant account.
- A reconciling item of \$78.50 could not be supported on the bank statement reconciliation for the Tax MMDA account.
- One Certificate of Deposit had a bank balance that was \$1,620.55 less than the balance on the general ledger.

Additionally, we noted the Official Depository Ledger had an unexplained variance of \$79.00 less on the ledger balance as compared to the Official Depository balance on the General Ledger.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure all bank accounts are reconciled, approved, and the amounts recorded on the bank accounts and ledger account balances are documented with evidence that is complete and accurate.

**Effect of Condition:** These conditions could result in unrecorded transactions, undetected errors, and misappropriation of funds.

#### **Management Response:**

##### **County Treasurer:**

1. *Reconciling items of \$1595.34 for the official depository account.*

**Response:** As of April 29, 2016 the reconciling item is \$595.34. The Treasurer has begun the search to find the difference. We are currently matching up all vouchers and will be doing deposits shortly.

VALERIE VETTER, COUNTY TREASURER  
ALFALFA COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
March 31, 2016

---

2. *A Reconciling item of \$283.00 could not be supported on the bank statement reconciliation for the Official ETR Depository Account.*  
**Response:** Treasurer is currently searching for information for the ETR account. We will be matching all deposits entering the ETR account and money be transferred into the Official Depository Account.
3. *A reconciling item of \$1055.63 could not be supported on the bank statement reconciliation for the Outstanding Warrant Account.*  
**Response:** Treasurer has found that a journal entry that had been made in the attempt to correct the difference. The journal entry was cancelled, but the transfer was not reversed in the banks causing the difference between the bank and the general ledger.
4. *A reconciling item of \$95.66 could not be supported on the bank statement reconciliation for the Investment MMDA account.*  
**Response:** Treasurer has information showing this was a tax statement issue in the system that \$47.83 too much was paid on the tax statement. The money was transferred from Tax Account to MMDA Account and the problem doubled. We will be contacting our system provider to help find the solution for this problem.
5. *A reconciling item of \$56.61 could not be supported on the bank statement reconciliation for the Miscellaneous Outstanding Warrant account.*  
**Response:** Treasurer found that this was a Burlington School Warrant that had been marked cancelled and should have been marked paid. The correction was made on April 30, 2016 and is no longer an issue.
6. *A reconciling item of \$78.50 could not be supported on the bank statement reconciliation for the Tax MMDA Account.*  
**Response:** Treasurer found and was not reflected on the March 31, 2016 bank statement reconciliation that this item was a returned check. The returned check has been picked up and money re-deposited in Tax Account, taking care of the variance.
7. *One Certificate of Deposit had a bank balance that was \$1620.55 less than the balance on the general ledger.*  
**Response:** Treasurer knows that when this investment was originally purchased the CD the first interest payment was credited to the investment instead of being sent to Treasurer's office to be receipted and distributed. The Treasurer will contact the bank to verify interest credited and the date of credit. It is a Highway Cash investment with all the interest going to Highway Cash. It was purchased on April 27, 2011 or April 28, 2011 by previous Treasurer. We will also determine if a miscellaneous receipt was made for that interest amount.
8. *Depository Ledger had an unexplained variance of \$79.00 less on the ledger balance as compared to the Official Depository balance on the General Ledger.*

**VALERIE VETTER, COUNTY TREASURER  
ALFALFA COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
March 31, 2016**

---

**Response:** Treasurer has researched and determined where the difference began, but at this time we have not been able to determine what has caused the difference. They match on one day and the next the \$79.00 difference was there. We have looked through all the information in the Daily Jacket and have not been able to determine what is causing the difference. We will continue to search for the answer to correct the problem.

**Criteria:** To help ensure a proper accounting of funds, all bank accounts should have a bank statement reconciliation performed on a monthly basis and approved by someone other than the preparer and included an indication of review. Additionally, the Official Depository Ledger should be reconciled to the Official Depository Account on the general ledger.



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)