

STATUTORY REPORT

ALFALFA COUNTY TREASURER

November 18, 2011



*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
NOVEMBER 18, 2011**

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Oklahoma State Auditor & Inspector

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January 3, 2012

BOARD OF COUNTY COMMISSIONERS
ALFALFA COUNTY COURTHOUSE
CHEROKEE, OKLAHOMA 73728

Transmitted herewith is the Alfalfa County Treasurer Statutory Report for November 18, 2011. 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, reading "Gary A. Jones".

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



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Valerie Vetter, Alfalfa 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 general-purpose financial statements of the 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 that reads "Gary A. Jones".

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

November 21, 2011

**VALERIE VETTER, COUNTY TREASURER
ALFALFA COUNTY, OKLAHOMA
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2012-1— Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The County Treasurer's office has one full-time deputy and one part-time deputy. Only the full-time deputy and the Treasurer receipt the money and the full-time deputy receipts, balances the cash drawer, prepares the deposit, and takes the deposit to the bank.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response: In an effort to save Alfalfa County money and to prevent too much down time with not enough work for three people in the Treasurer's office, we chose to go with two full-time people and one half-time person. We have found that this makes segregation of duties even harder to fulfill. Plans are to have the part-time person go full-time where we will once again strive to accomplish to the best of our ability segregation of duties.

Finding 2012-2— Timely and Accurate Transaction Posting

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, all funds in the County should be included in the general ledger accounting system.

Condition: At the date of the review, November 18, 2011, the following transactions had not been recorded on the General Ledger.

Three deposits for Farmers Exchange Bank, Tax account were not posted.

**VALERIE VETTER, COUNTY TREASURER
ALFALFA COUNTY, OKLAHOMA
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- Farmers Exchange Bank, Tax account, did not reflect deposits for:

November 9, 2011	\$1,093.00
November 15, 2011	\$3,909.00
November 16, 2011	\$2,890.00
- A transfer of \$87,479.06 was reflected as \$87,409.06, a difference of \$70.00 on the ACB Bank (MMDA) account.
- An un-reconciled difference of \$8,925.21 could not be identified when verifying the balance of Farmers Exchange Bank – Misc 0243 account.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the Treasurer include separating key processes and/or critical functions of the office, and management review and approve accounting functions.

Management Response: The month of November was a very unusual and hectic month for our office. The full time deputy was off for about two weeks while her husband was home from Afghanistan, making the office extremely shorthanded, with myself being the only one in the office most afternoons. We do an excel spreadsheet that is a double check for the General Ledger. At the time the Auditor's office was here performing the audit, it was one of the times that had been neglected due to lack of time and manpower. After doing the double check, it was discovered that the amounts in question had not been pulled to the General Ledger. Monies had been deposited in the bank and were not pulled to ledger as previously stated. This has been corrected and brought up to date, again reinforcing my decision to return to three full time office personnel.

The transfer error of \$70.00 on the ACB Bank was corrected on November 22, 2011.

We have been unable to find any problem with Farmers Exchange Bank account # - 0243. In reconciling the account in both November and December, no problems have occurred.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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