

STATUTORY REPORT

ALFALFA COUNTY TREASURER TURNOVER

June 27, 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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
CAROLYN STANDS
ALFALFA COUNTY TREASURER
JUNE 27, 2011**

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Oklahoma State Auditor & Inspector

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July 20, 2011

BOARD OF COUNTY COMMISSIONERS
ALFALFA COUNTY COURTHOUSE
CHEROKEE, OKLAHOMA 73728

Transmitted herewith is the Alfalfa County Officer Turnover Statutory Report for June 27, 2011. The engagement was conducted in accordance with 19 O.S. § 171.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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Ms. Carolyn Stands
Alfalfa County Treasurer
Alfalfa County Courthouse
Cherokee, Oklahoma 73728

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for June 27, 2011:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the County Treasurer's account balances reconcile with bank records, and all funds are properly covered by pledged collateral per 62 O.S. § 511.

Information addressed in this report is the representation of the respective county officers.

Our county officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. 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.

A handwritten signature in blue ink that reads "Gary A. Jones".

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

June 28, 2011

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – 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, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The County Treasurer has two full-time deputies. All employees issue receipts. One employee balances the cash drawer, prepares the deposit, and makes the deposit with the financial institution.

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 management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: Although complete segregation of duties will be difficult to achieve in our small office, we are implementing a plan to have one deputy in charge of receipting money, the other deputy will prepare end of day reports and making of deposits. Treasurer will reconcile banks and prepare end of month reports.

Finding 2011-2 – Unrecorded Transactions

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 name of the County should be included on the general ledger accounting systems

Condition: At the date of our review, June 28, 2011, the County had the following transactions not recorded on the General Ledger:

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Transaction Date	Bank Account	Description	Amount
02/25/11	Farmers - General 907-146	County Clerk Fees From IRS	15.00
04/11/11	Farmers - General 907-146	County Clerk Fees From IRS	15.00
04/11/11	Farmers - General 907-146	County Clerk Fees From OTC	39.00
05/31/11	Farmers - OSW 401-595	May's Interest	125.47
06/02/11	Farmers - Payroll Tax Account - 407-526	Payroll Tax Deposit	29,044.68
06/03/11	Farmers - Payroll Tax Account - 407-526	Payroll Tax Payment	15,444.71
06/06/11	Farmers - Payroll Tax Account - 407-526	Payroll Tax Payment	29,044.68
06/13/11	Farmers - Payroll Tax Account - 407-526	Payroll Tax Payment	2,105.00
06/14/11	Farmers - Payroll Tax Account - 407-526	Payroll Tax Payment	12,571.38
06/17/11	Farmers - Payroll Tax Account - 407-526	Payroll Tax Payment	1,671.00
05/25/11	Farmers - Misc OSW - 409-243	May's Interest	32.99
05/31/11	ACB - MMDA -300993	May's Interest	2,229.40
05/31/11	ACB - MMDA -300993	Voucher for May's Interest	2,229.40
05/31/11	Farmers - MMDA - 903-426	May's Interest	9.55
05/31/11	Farmers - MMDA - 903-426	Voucher for May's Interest	9.55

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

Recommendation: OSAI recommends the Treasurer issue pre-numbered duplicate receipts for revenue received in a timely manner, to provide accountability and stewardship over County funds

Views of responsible officials and planned corrective actions: After discussion with auditor about County Clerk Fees from IRS, Treasurer will make sure dates of electronic fees will be date received by bank and will attempt to issue Treasurer warrants for fees to County Clerk monthly. This could be difficult to do all months because of the restriction of three monthly transactions from this account. Deputy in charge of Journal Entries for Payroll Tax Account had not been instructed that all monies deposited in this account needed to be shown as transfer in and out. This has been corrected and will be shown on General Ledger from this point forward. May interest amounts had been receipted by either a Miscellaneous Receipt or Acknowledgment of Trust.

Finding 2011-3 – Fixed Assets Inventory

Criteria: Title 19 O.S. § 178.1 states in part:

The board of county commissioners in each county of this state shall take or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener...

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Condition: We were unable to visually verify the following items on the County Clerk's inventory for the County Treasurer's Office.

County ID	Item	Serial Number	Cost	Date Acquired	Comment
C220 100.09	OKIDATA 2410 Printer	0780092	1,515.00	11/15/1990	
C220 100.11	Snaknetware V312		1,876.00	06/16/1997	Software most likely installed on Compaq File Server #C220 100.00
C220 100.25	OKIDATA Printer	306D4002743	789.00	12/05/2003	
C220 100.00	Compaq File Server	D16BJX10054	2,700.00	06/16/1997	Resolution to dispose of equipment, found in the County Clerk's office was never completed.
C220 100.10	IQ Access Software		600.00	06/13/1994	

Effect: Inventory items were not accurately accounted for and the County's assets may not be safeguarded.

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record.

Views of responsible officials and planned corrective actions: Proper paper work will be filed to remove these items from the County Clerk's inventory for the County Treasurer's Office.



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