

STATUTORY REPORT

ATOKA COUNTY TREASURER

July 31, 2013



*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

**RICHARD LILLARD, COUNTY TREASURER
ATOKA COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
JULY 31, 2013**

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Oklahoma State Auditor & Inspector

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November 13, 2013

BOARD OF COUNTY COMMISSIONERS
ATOKA COUNTY COURTHOUSE
ATOKA, OKLAHOMA 74525

Transmitted herewith is the Atoka County Treasurer Statutory Report for July 31, 2013. 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 that reads "Gary A. Jones".

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



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Richard Lillard, Atoka County Treasurer
Atoka County Courthouse
Atoka, Oklahoma 74525

Dear Mr. Lillard:

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 Atoka County.

Based on our procedures performed, we have presented our finding 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

August 29, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1—Segregation of Duties

Condition: The Treasurer’s office has two full-time employees. The Treasurer and all employees issue receipts from the same cash drawer. No log is maintained of payments received through the mail and all employees receipt mail-in payments. There is no review or approval of these functions other than the employee performing the task.

Cause of Condition: The office has limited funds for additional staffing of the office.

Effect of Condition: 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 establish separate cash drawers for each employee that receipts monies. The cash drawers should be closed out and reconciled to the employee’s daily receipts and be approved by someone independent of the cash drawer. All payments received through the mail should be logged by someone independent of preparing the receipts.

In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response:

County Treasurer: At this time, I the County Treasurer and one of my employees, not always the same, reconcile bank statements. I and one of my employees collect the mail and inspect contents. Mail is answered by all employees. We will continue to use one common cash drawer.

Auditor Response: Although the office is limited in staff, mitigating controls such as reviewing work of others could be implemented to reduce the risks of error and fraud. Evidence of the review should be noted with initials and dates.

Criteria: Accountability and stewardship are overall goals of management in 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.



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