

STATUTORY REPORT

# BEAVER COUNTY TREASURER

November 30, 2012



*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

**MECHILLE CALHOUN, COUNTY TREASURER  
BEAVER COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
NOVEMBER 30, 2012**

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# Oklahoma State Auditor & Inspector

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

January 17, 2013

BOARD OF COUNTY COMMISSIONERS  
BEAVER COUNTY COURTHOUSE  
BEAVER, OKLAHOMA 73932

Transmitted herewith is the Beaver County Treasurer Statutory Report for November 30, 2012. 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



# Oklahoma State Auditor & Inspector

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Ms. Mechille Calhoun, Beaver County Treasurer  
Beaver County Courthouse  
Beaver, Oklahoma 73932

Dear Ms. Calhoun:

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 Beaver 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

December 6, 2012

**MECHILLE CALHOUN, COUNTY TREASURER  
BEAVER COUNTY, OKLAHOMA  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2013-1 – Staff Training**

**Condition:** At the date of the Treasurer Review, the Treasurer was absent due to illness and the remaining staff did not have knowledge of some of the town funds for which the office is responsible. One bank statement confirmation for the town of Gate could not be reconciled to the County's general ledger. A variance of less than \$3.00 was noted.

**Cause of Condition:** Procedures have not been designed and implemented cross-train staff in the event that a staff member or the officer is absent.

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

**Recommendation:** OSAI recommends cross-training of staff to allow key processes and/or critical functions of the office to be maintained when the officer or another staff member is absent.

**Management Response:** We are working each and every day to train all deputies in all aspects of the Treasurer's office. The variance was supposed to be taken care of and was an oversight on both mine and the deputy's part, as I do the books and she does the investment ledgers. We will get this taken care of as soon as possible.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of funds, and record transactions.

**Finding 2013-2 – Investment Ledgers**

**Condition:** At the time of the review, several instances were noted in which the interest and transfers had not been posted to the investment ledger which in turn caused the investment ledger to not reconcile with the County's general ledger of banks and funds.

**Cause of Condition:** Procedures have not been designed and implemented to monitor the accounting activity with regard to investments.

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

**Recommendation:** OSAI recommends the Treasurer monitor the process of posting all entries of accounting records, to provide oversight of the County's assets.

**MECHILLE CALHOUN, COUNTY TREASURER  
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**Management Response:** I have visited with the deputy who is responsible for the investment ledger and she had just not completed the update of the ledger before the auditor arrived to perform the review. I asked her to make sure these transactions are posted as soon as the bank posts them.

Additionally, we have trained the other two deputies to perform this task.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, interest and transfers should be posted to the subsidiary Investment ledger in a timely basis.

**Finding: Inadequate Pledged Collateral and Noncompliance with Statute**

**Condition:** Upon inquiry of personnel in the County Treasurer's office and observation of the monitoring of pledged collateral, we determined County funds were not adequately secured at one financial institution for the day of our review.

- A local Bank in Beaver had deposits of \$3,399,657.28; however the pledged collateral and FDIC totaled \$3,186,388.85 leaving unsecured deposits of \$213,268.43.

**Cause of Condition:** Procedures documenting the security of county deposits on a daily basis were not designed and implemented due to the County Treasurer being unaware of a need for such procedure.

**Effect of Condition:** This condition resulted in inadequate operating effectiveness of internal controls designed and implemented by the County Treasurer and possible loss of funds in the event of a bank failure.

**Recommendation:** OSAI recommends that the County Treasurer initial and date evidence of documenting the security of county deposits on a daily basis to ensure the operating effectiveness of the controls. Additionally, the County Treasurer should comply with 62 O.S. §517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments.

**Management Response:** The Treasurer is training staff to monitor pledged collateral to daily bank balances.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. Title 62 O.S. §517.4 requires the county deposits with financial institutions be secured with pledged collateral.



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