

STATUTORY REPORT

CADDO COUNTY TREASURER

February 28, 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

**STAN JENNINGS, COUNTY TREASURER
CADDO COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
FEBRUARY 28, 2013**

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Oklahoma State Auditor & Inspector

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May 24, 2013

BOARD OF COUNTY COMMISSIONERS
CADDO COUNTY COURTHOUSE
ANADARKO, OKLAHOMA 73005

Transmitted herewith is the Caddo County Treasurer Statutory Report for February 28, 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, appearing to read "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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Stan Jennings, Caddo County Treasurer
Caddo County Courthouse
Anadarko, Oklahoma 73005

Dear Mr. Jennings:

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 Caddo 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.

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

May 14, 2013

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Investment Ledgers

Condition: The County Treasurer was not recording interest earned on all investments to the general ledger or the investment ledger.

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 County Treasurer update the general ledger and the investment ledger to reflect interest earned and all certificates of deposits.

Management Response: We have corrected the interest not recorded on one of the investment certificate of deposits. The interest earned in question is added back to the investment and no check is issued. A journal entry is required, instead of a miscellaneous receipt. Management failed to communicate the interest received, so First Deputy could credit the interest as a journal entry.

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 2013-2—Bank Reconciliation

Condition: It was noted that reconciliations were not performed between the general ledger and the Credit Card Tax Payments bank account.

Cause of Condition: Policies and procedures have not been designed and implemented to maintain reconciliations of the Credit Card Tax Payments bank account.

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

Recommendation: OSAI recommends that the bank accounts be maintained and reconciled to the general ledger on a monthly basis.

Management Response: Daily reconciliations are now being completed between the general ledger and the Credit Card Tax Payment bank account.

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Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as maintaining subsidiary ledgers and reconciling them to the general ledger, are deficiencies in internal control.

Finding 2013-3—Segregation of Duties

Condition: Upon inquiry and observation of the accounting processes within the County Treasurer's office, we noted the duties of issuing receipts, posting receipts, preparing the deposit, and reconciling accounting records were not formally segregated among the employees and the County Treasurer.

Cause of Condition: Procedures have not been designed to adequately segregate the duties over the collections process and to provide for accurate and timely financial reporting.

Effect of Condition: These conditions could result in undetected errors, unrecorded transactions, misstated financial statements, 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 approval of accounting functions.

Management Response: We have begun to improve and oversee each office department to see that each office procedure is set apart, and management will review income and expense functions creating stronger internal control.

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 receipting, reconciling the cash drawer, preparing and making deposits, and reconciling account balances should be segregated.

Finding- 2013-4—Recording of Cash on Hand on General Ledger

Condition: The general ledger reflects total cash on hand for all offices as \$1,000.00. The actual cash verified was \$900.00.

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Cause of Condition: Policies and procedures have not been implemented to determine that cash on hand balances to the general ledger

Effect of Condition: Cash on hand as reflected on the general ledger is overstated and does not adequately represent actual cash on hand.

Recommendation: OSAI recommends that the cash on hand be reconciled to the general ledger on a monthly basis.

Management Response: The difference of cash on hand has been corrected to reflect the balance on the ledger. When we temporarily moved for remodeling, the County Clerk requested an additional \$100.00 for her cash drawer, since our office was away from the courthouse and not able to make change. When we returned one and one half years later, the County Clerk deposited the \$100.00 and we failed to reverse the journal entry to reduce cash on hand.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, all monies should be correctly accounted for when they are identified.



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