

STATUTORY REPORT

CANADIAN COUNTY TREASURER

February 28, 2018



*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

**CAROLYN M. LECK, COUNTY TREASURER
CANADIAN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
FEBRUARY 28, 2018**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

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

May 29, 2018

BOARD OF COUNTY COMMISSIONERS
CANADIAN COUNTY COURTHOUSE
EL RENO, OKLAHOMA 73036

Transmitted herewith is the Canadian County Treasurer Statutory Report for February 28, 2018. 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". The signature is written in a cursive style with a long, sweeping tail on the letter "s".

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



Oklahoma State Auditor & Inspector

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

Carolyn M. Leck, Canadian County Treasurer
Canadian County Courthouse
El Reno, Oklahoma 73036

Dear Carolyn M. Leck:

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 Canadian 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 that reads "Gary A. Jones".

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

April 12, 2018

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-001 - Inadequate Internal Controls Over Pledged Collateral and Noncompliance with State Statute

Condition: Upon inquiry of the County Treasurer, observation, and review of documents regarding the pledged collateral process, the following was noted:

- At February 28, 2018, the County's deposits were not secured by pledged collateral in one bank in the amount of \$2,254,344.50.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that bank deposits are adequately secured.

Effect of Condition: This condition resulted in noncompliance with state statute and unsecured county funds. Further, this condition could result in possible loss of county funds.

Recommendation: OSAI recommends that the County Treasurer ensure all funds are secured by pledged securities or letters of credit with each bank in accordance with state statute.

Management Response:

County Treasurer: The agreement between the bank and Canadian County called for collateralization and this was originally in place. Through and by the upper management of the bank, collateral was withdrawn without notification on the grounds that said investments in U.S. Agencies were not required to be collateralized.

We are working with our DA to resolve this.

Criteria: Effective internal controls require that monitoring pledged securities be performed on a daily basis to ensure compliance with state statute.

Title 62 O.S. § 517.4.A. states, "A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured."



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV