

STATUTORY REPORT

CANADIAN COUNTY TREASURER

April 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

**CAROLYN LECK, COUNTY TREASURER
CANADIAN COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 30, 2012**

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Oklahoma State Auditor & Inspector

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May 16, 2012

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

Transmitted herewith is the Canadian County Treasurer Statutory Report for April 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". 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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Carolyn Leck, Canadian County Treasurer
Canadian County Courthouse
El Reno, Oklahoma 73036

Dear Ms. 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 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 that reads "Gary A. Jones".

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

May 3, 2012

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2012-1—Inadequate Pledged Securities to Cover Deposits

Condition: The County was inadequately pledged \$250,000.00 with Bank of Commerce of Yukon from January 12, 2012 through the date of our review May 2, 2012.

Cause of Condition: One of the County Treasurer's duties is to ensure the pledged securities are adequate to cover daily balances on hand with the custodial banks. In the absence of the County Treasurer, there are no employees within the County Treasurer's office trained to perform this duty.

Effect of Condition: Because of the condition mentioned, with only one person designated to review on a daily basis, the County's funds in the bank were not secure.

Recommendation: OSAI recommends management be aware of these conditions and realize that additional procedures should be developed to ensure that daily balances of funds on deposit with the custodial banks are monitored for adequate pledged securities. Further, when the County Treasurer is absent, an employee of the County Treasurer's office should be able to perform this duty.

Management Response: In the course of cross-training, a function that I had previously been charged with, the release date of the letter of credit was overlooked. I have gone over this with my second deputy and have also made arrangements with the financial institutions to please notify us of pending release. After the inadequate pledged amount was discovered, the County Treasurer obtained a letter of credit on May 2, 2012, from the Federal Home Loan Bank in Topeka, Kansas to adequately secure the certificate of deposit held at the Bank of Commerce of Yukon.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. As part of that accountability, the County Treasurer is to safeguard the County's assets by monitoring and obtaining adequate pledged securities for the County's funds.

Finding 2012-2—Variance in Cash on Hand Reported

Condition: The following exceptions were noted in our physical verification of cash in the offices as compared to the amounts reported on the County Treasurer's general ledger:

- The County Treasurer reported \$50.00 for the County Clerk's office as cash on hand. The cash count performed during this review revealed the County Clerk had \$125.00 in cash for her change drawer. The variance being \$75.00.

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- The County Treasurer reported \$550.00 as a cumulative total for the County Treasurer, County Health Department, and County Assessor. However, the cash count performed at the time of this review revealed the County Assessor had \$100.50 cash on hand, the County Health Department had \$400.00 cash on hand, and the County Treasurer had \$200.00 cash on hand for a total of \$700.50 for the three offices. The variance being \$150.50.

Cause of Condition: The County Treasurer's office has not reconciled cash on hand reported on the general ledger to the amount that is held in each office.

Effect of Condition: The general ledger balance is understated by \$224.50.

Recommendation: OSAI recommends management be aware of these conditions and realize that additional procedures should be developed to ensure that the amount reported for each office on the general ledger as Cash on Hand agrees to the amount that is held in each office.

Management Response: Corrections have been made to the General Ledger and an e-mail has been sent to all department heads as to their responsibility for their cash drawers. The increases in the cash amounts were not run through our office. The lack of communication and education of procedure needs to be corrected.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. As part of the accountability, the County Treasurer is to provide an accurate report of the cash held for change in each office.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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