

STATUTORY REPORT

CHOCTAW COUNTY TREASURER

March 29, 2013



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**ARLENE MINCHEY, COUNTY TREASURER
CHOCTAW COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 29, 2013**

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Oklahoma State Auditor & Inspector

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September 19, 2013

BOARD OF COUNTY COMMISSIONERS
CHOCTAW COUNTY COURTHOUSE
HUGO, OKLAHOMA 74743

Transmitted herewith is the Choctaw County Treasurer Statutory Report for March 29, 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

April 24, 2013



Oklahoma State Auditor & Inspector

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Arlene Minchey, Choctaw County Treasurer
Choctaw County Courthouse
Hugo, Oklahoma 74743

Dear Ms. Minchey:

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 Choctaw 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

April 24, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Bank Reconciliations (Repeat Finding)

Condition: The Official Depository Account reconciliation for March 29, 2013 reflected an unidentified variance of \$1,028.91.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the bank account balances are reconciled to the general ledger.

Effect of Condition: This condition could result in incomplete and inaccurate records, incomplete information, or misappropriation of funds.

Recommendation: OSAI recommends that the Treasurer reconcile all bank accounts monthly to the General Ledger. All unknown variances should be promptly investigated and reconciled.

Management Response: We have researched this variance and reconciled our variances. Some of the issue was OTC direct deposit for Court Clerk and the rest was found with vouchers that was either posted wrong or was paid wrong at bank, but is now corrected.

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 reconciling bank statements to the general ledger, are deficiencies in internal control.

Finding 2013-2—Segregation of Duties

Condition: Upon inquiry of County personnel, observation, and review of documents, regarding receipting and depositing, duties were not adequately segregated regarding the following:

- Receipts are issued by all employees.
- Reconciliations are performed by an employee that has additional duties in the receipting process and is not reviewed by someone other than the preparer.

Cause of Condition: In order to provide prompt services to the citizens of Choctaw County and for ease of operations, the offices of the County utilize all employees to issue receipts. Additionally, due to the limited number of personnel within each office, one individual is sometimes responsible for all the key functions of the office.

Effect of Condition: These conditions could result in inaccurate records, incomplete information, misappropriation of assets, and noncompliance with state statute.

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Recommendation: The Oklahoma State Auditor and Inspector recommend establishing a system of controls to adequately protect the collections of each office, which include but are not limited to the following:

- The person preparing the deposit should not issue receipts or reconcile the account to the Treasurer's monthly report.

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: Controls are established in this office as efficiently and as OSAI compliant as possible considering there are sometimes only two employees in office. These are enforced controls when personnel are available.

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: Effective internal controls include management design procedures to ensure that all collections received under the color of office are receipted and deposited to comply with state statute 19 O.S. § 692. Effective internal controls require that key functions within a process be adequately segregated to all for prevention and detection of errors and possible misappropriation of funds.



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