

STATUTORY REPORT

# CHEROKEE COUNTY TREASURER

January 31, 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

**PATSY STAFFORD, COUNTY TREASURER  
CHEROKEE COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 31, 2018**

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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](http://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

September 20, 2018

BOARD OF COUNTY COMMISSIONERS  
CHEROKEE COUNTY COURTHOUSE  
TAHLEQUAH, OKLAHOMA 74464

Transmitted herewith is the Cherokee County Treasurer Statutory Report for January 31, 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



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Patsy Stafford, Cherokee County Treasurer  
Cherokee County Courthouse  
Tahlequah, Oklahoma 74464

Dear Ms. Stafford:

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 Cherokee 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

August 14, 2018

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2018-001 – Inadequate Internal Controls Over Investments**

**Condition:** During our review of County investments, we noted the following:

- The County Treasurer’s Investment ledger is not being maintained on an ongoing basis and is not being reconciled to the general ledger.
- Investment balances are not reconciled to bank balances.
- Three investments totaling \$4,000,000 are not recorded on the investment ledger:
- Investment activity and balances are not accurately recorded on the investment ledger.
  - The general ledger balance for ICS investment account ending in 8839 is short \$12,604.41 to the bank balance.
  - The general ledger balance for ICS account ending in 687 is short \$4,149.52 to the bank balance due to interest earned not being accounted for correctly on the general ledger.
  - The general ledger balance for investment ending in 14-1-3 is short \$1,863.32 to the bank balance due to interest earned not being accounted for correctly on the general ledger.
  - CDARS investments ending in 6042 and 9886 are two separate investments, at two separate banks, but are accounted for as one investment on the general ledger.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure all investment accounts under the County’s employee identification number (EIN) are reconciled, approved, and accurately presented on the general ledger and investment ledger.

**Effect of Condition:** These conditions resulted in unrecorded transactions, misstated financial reports, and undetected errors.

**Recommendation:** The Oklahoma State Auditor and Inspector’s Office) recommends all investments be included on the investment ledger and the investment ledger be maintained and updated with accurate investment information. OSAI also recommends all investment balances per the bank be reconciled to both the investment ledger and general ledger, the investment ledger and the general ledger balances be reconciled, and the general ledger accurately reflect all individual investments. Additionally, any discrepancies noted during the reconciliations should be researched and corrected in a timely manner.

**Management Response:**

**County Treasurer:** We have since updated the general ledger to reflect current balances and investments, and updated the investment ledger and reconciled it to the general ledger. The duties of maintaining the

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investment ledger and reconciling the investments to the general ledger have been assigned to a different employee. Also, a second person will start reviewing the investment ledger and reconciliations monthly and any discrepancies will be investigated immediately.

**Criteria:** An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance that financial records are timely reconciled and financial ledgers are maintained in an accurate and complete manner. Further, good internal controls would include proper monitoring and reviews for accuracy of financial information.



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

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