



CLEVELAND COUNTY TREASURER

Statutory Report

January 31, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**JIM REYNOLDS, COUNTY TREASURER
CLEVELAND COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
JANUARY 31, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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June 24, 2019

BOARD OF COUNTY COMMISSIONERS
CLEVELAND COUNTY COURTHOUSE
NORMAN, OKLAHOMA 73069

Transmitted herewith is the Cleveland County Treasurer Statutory Report for January 31, 2019. 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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



Jim Reynolds, Cleveland County Treasurer
Cleveland County Courthouse
Norman, Oklahoma 73069

Dear Mr. Reynolds:

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 Cleveland 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 6, 2019



SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-002 - Inadequate Internal Controls Over the Monthly Reports and Bank Reconciliations

Condition: While performing the Treasure Statutory Report on February 25, 2019 for the period ending January 31, 2019, we noted the following:

- Monthly bank reconciliations for the General Fund and the Official Depository are not being completed in a timely manner. The last bank reconciliation completed was November 30, 2018.
- The County Treasurer's monthly reports are not being submitted timely to the Oklahoma State Auditor and Inspector's Office (OSAI). The last monthly report received at the time of the review was November 30, 2018.

Cause of Condition: Although policies and procedures have been designed and implemented, they are not functioning properly to ensure that bank reconciliations and County Treasurer's monthly reports are being completed timely.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends that the County Treasurer ensure that bank reconciliations and Treasurer's monthly reports are timely completed each month.

Management Response:

County Treasurer:

In Response to Auditor's findings of February 25, 2019:

- December and January's transactions greatly exceed all other months combined.
- Unbalanced transactions totaling \$2,351 were not identified/discovered in a timely manner, due to software limitations, and excessive workload requirements.
- 2 items were ultimately identified, both associated with electronic transactions (ACH's). Our service provider's information was too generalized for timely identification of these discrepancies.

To avoid a reoccurring problem our office is/has been making substantive changes

- We are in process of implementing new bookkeeping software. This has been a year-long process; goal of implementation is July 1st, 2019.
- We have informed our ACH provider that transactional breakdowns will be requisite for any future contractors providing ACH and or credit card services for taxpayers.

The volume of transactions coupled with the hours required implementing the software change put strain upon the bookkeeping department. We see substantive resolution once the new system becomes fully operational.

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Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Safeguarding controls are an important 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 monthly, and providing timely submitted monthly reports to OSAI are deficiencies in internal control.

O·K·L·A·H·O·M·A
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