



COAL COUNTY TREASURER

Statutory Report

February 28, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**GINA MCNUTT, COUNTY TREASURER
COAL COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
FEBRUARY 28, 2023**

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.



May 8, 2023

BOARD OF COUNTY COMMISSIONERS
COAL COUNTY COURTHOUSE
COALGATE, OKLAHOMA 74538

Transmitted herewith is the Coal County Treasurer Statutory Report for February 28, 2023. 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 black ink that reads "Lisa Hodges".

LISA HODGES, CFE, CGFM
DEPUTY STATE AUDITOR & INSPECTOR
OKLAHOMA STATE AUDITOR & INSPECTOR



Gina McNutt, Coal County Treasurer
Coal County Courthouse
Coalgate, Oklahoma 74538

Dear Ms. McNutt:

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 Coal 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 black ink that reads "Lisa Hodges".

LISA HODGES, CFE, CGFM
DEPUTY STATE AUDITOR & INSPECTOR
OKLAHOMA STATE AUDITOR & INSPECTOR

April 19, 2023

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2023-001 – Lack of Internal Controls and Noncompliance Over Pledged Collateral

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

- As of February 28, 2023, the County's deposits were not properly collateralized in the amount of \$424,870.

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

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 design and implement internal controls to ensure all funds are properly collateralized with each bank.

Management Response:

County Treasurer: My bank representative always makes sure that my deposits are secured with the appropriate collateral. I did have new pledges that became effective on March 1, 2023, in the future, this office will be very diligent about ensuring our collateral is adequate to cover our deposits.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards - Principle 13 – Use Quality Information: 13.04 states:

Relevant Data from Reliable Sources:

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

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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.”

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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