

**CRAIG
COUNTY
TREASURER**

APRIL 27, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**LISA WASHAM, COUNTY TREASURER
CRAIG COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 27, 2010**

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. § 212. Pursuant to 74 O.S. § 3105.B, five (5) copies have been prepared and distributed at a cost of \$10.94. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

August 31, 2010

BOARD OF COUNTY COMMISSIONERS
CRAIG COUNTY COURTHOUSE
VINITA, OKLAHOMA 74301

Transmitted herewith is the Craig County Treasurer Statutory Report for April 27, 2010. The engagement was conducted in accordance with 74 O.S. § 212.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Lisa Washam, County Treasurer
Craig County Courthouse
Vinita, Oklahoma 74301

Dear Ms. Washam:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for April 27, 2010:

- Review bank reconciliations, visually verify certificates of deposit, and confirm investments.
- Determine whether subsidiary records reconcile to the general ledger.
- Review pledged collateral securing deposits and invested funds.

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 general-purpose financial statements of Craig County.

Based on the above reconciliations, visual verification, and confirmation procedures performed, the cash and investments of the County are supported by bank records and are adequately secured to prevent loss in the event of a bank failure. With respect to cash being supported by accounting records, our finding is presented in the accompanying schedule of findings and responses. Also, we noted a matter of segregation of duties and a matter of monthly fee reports not being submitted to the Board of County Commissioners, and our findings are presented in the schedule of findings and responses.

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.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 27, 2010

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2010-1 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: We noted instances in which a single person is responsible for the recording, authorization, custody, and execution of revenue transactions:

One employee receives money, writes receipts, prepares official depository deposit ticket, posts to the cash book, and reconciles to the bank.

We also noted instances in which a single person is responsible for the recording, authorization, custody, and execution of expenditure transactions:

The Treasurer calculates vouchers, reviews vouchers, prepares vouchers, signs vouchers, distributes vouchers, authorizes purchases, and approves claims for payment.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: This will be corrected to the best of our ability.

Finding 2010-2 – Monthly Reports

Criteria: Title 19 O.S. § 684 states:

All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof, accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, - that is, transferred from the official account of the officer, board, commission or

**LISA WASHAM, COUNTY TREASURER
CRAIG COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 27, 2010**

employee of either thereof depositing the same, to the fund or funds of the county or municipal subdivision thereof to which the same belongs, - by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies shall have been received; and it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.

Condition: The Treasurer does not submit monthly reports to the County Clerk.

Effect: By not filing the monthly reports with the County Clerk, the Treasurer is not fulfilling her duties reporting the sources, classes, and amounts of money received by virtue or under color of office in accordance with state statutes.

Recommendation: OSAI recommends the Treasurer submit the monthly official depository reports to the Board of County Commissioners in accordance with state statutes.

Views of responsible officials and planned corrective actions: This will be corrected.

Finding 2010-3 - Reconciliations

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, bank reconciliations should be performed on all bank accounts on a timely basis and management should be able to provide all documentation necessary to perform a bank reconciliation.

Condition: During our testwork, the Treasurer was unable to provide us with a listing of vouchers outstanding at April 27, 2010, to assist in identifying the reconciling amount of \$403.45 on the reconciliation of the Official Depository bank account.

Effect: As a result of this condition, the reconciliation of the Official Depository was incomplete.

Recommendation: OSAI recommends management have access to all records necessary for reconciling accounts.

Views of responsible officials and planned corrective actions: When auditors were here for review, they were given a list of outstanding vouchers at April 27, 2010. They could not reconcile the Official Depository bank account, they faxed it to someone else to see if they could reconcile, and they could not. I was told to wait until the end of the month and receive the bank statements and try to reconcile then, I did wait, and I did reconcile. I faxed everything that was asked of me to the auditors, several times, so they could see how I reconciled.

**LISA WASHAM, COUNTY TREASURER
CRAIG COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 27, 2010**

OSAI Response: On April 27-28, 2010, we were unable to perform the bank reconciliation because the Treasurer could not provide us with a list of outstanding vouchers or other reconciling items as of April 27, 2010. Subsequent to that, the Treasurer sent us her April reconciliation and a list of vouchers outstanding as of April 30, 2010, for this account. Since the Treasurer was unable to provide us with a list of outstanding vouchers at April 27, 2010, we attempted to determine the outstanding vouchers by totaling all outstanding vouchers issued on or before April 27, 2010. We also subtracted vouchers written on April 27, 2010, that had not cleared the bank on that date. We were still unable to identify a variance of \$403.45. Further, the April 30, 2010, reconciliation, received from the Treasurer, did not reconcile.



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

WWW.SAI.OK.GOV