

OPERATIONAL AUDIT

CREEK COUNTY

July 1, 2010 through June 30, 2012



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

**CREEK COUNTY OPERATIONAL AUDIT
FOR THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2012**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

August 23, 2013

**TO THE CITIZENS OF
CREEK COUNTY, OKLAHOMA**

Transmitted herewith is the audit report of Creek County for the period July 1, 2010 through June 30, 2012.

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 fluid and cursive, with a long horizontal stroke at the end.

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

BACKGROUND

Located in east central Oklahoma, Creek County was created at statehood. Sapulpa, the county seat, was named for Sus pul ber, a Creek leader. It was so designated following an election by county residents August 12, 1908, after statehood and reaffirmed by a United States Supreme Court decision August 1, 1913.

The discovery of oil at the Red Fork Field in 1901 marked the beginning of boom times for Creek County, yet they were not to last. As oil production began to subside following World War I, economic hard times became more and more a reality and were intensified with the advent of the Great Depression and Dust Bowl eras.

Creek County is the home of Frankoma Pottery, its chief claim to national fame. The factory, which utilizes clay deposits from local Sugar Loaf Hill to manufacture dinnerware and art objects, has struggled in recent years with sporadic openings and closings; but the Frankoma brand still commands respect and admiration from collectors throughout the world.

County Seat – Sapulpa	Area – 969.77 Square Miles
County Population – 70,244 (2009 est.)	
Farms – 1,900	Land in Farms – 377,437 Acres
Primary Source: Oklahoma Almanac 2011-2012	

COUNTY OFFICIALS

JaNell Gore	County Assessor
Janell Diehl	County Clerk
Newt Stephens	County Commissioner District 1
Johnny Burke	County Commissioner District 2
Danny Gann	County Commissioner District 3
Steve Toliver	County Sheriff
Byron Davis	County Treasurer
Amanda VanOrsdal.....	Court Clerk

**CREEK COUNTY
OPERATIONAL AUDIT**

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for FY 2012

	Beginning Cash Balance July 1, 2011	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balance June 30, 2012
Combining Information:						
County General	\$ 1,608,177	\$ 5,855,075	\$ -	\$ -	\$ 5,485,122	\$ 1,978,130
Highway Cash	1,391,895	4,473,742	-	-	4,835,940	1,029,697
Highway Tax	2,023,361	1,788,113	-	-	2,049,729	1,761,745
Sheriff's Service Fee	174,206	553,770	-	-	598,167	129,809
County Health	834,688	1,050,766	-	-	932,251	953,203
General Administration	631,048	412,752	-	-	259,306	784,494
County Jail Sales Tax	284,723	160	-	-	219,559	65,324
County Jail Maintenance	596,668	1,785,822	-	-	1,605,401	777,089
Sheriff Board of Prisoners	344,427	1,322,884	-	-	1,522,303	145,008
WR-911	465,237	129,271	-	-	309,875	284,633
Resale Property	549,195	535,367	-	-	364,661	719,901
County Sinking	370,128	738,136	-	-	769,842	338,422
E-911 Phase 2	476,506	138,617	-	-	-	615,123
CBRIF	1,096,758	499,011	-	791,154	31,824	772,791
CBRIF-105	212,838	425,900	791,154	-	791,154	638,738
Remaining Aggregate Funds	357,863	163,272	-	-	131,490	389,645
Combined Total - All County Funds	\$ 11,417,718	\$ 19,872,658	\$ 791,154	\$ 791,154	\$ 19,906,624	\$ 11,383,752

Source: County Treasurer's Monthly Reports (presented for informational purposes)

PURPOSE, SCOPE, AND SAMPLE METHODOLOGY

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

The audit period covered was July 1, 2010 through June 30, 2012.

Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Objective 1: To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2011 and FY 2012.

Conclusion: With respect to the items reconciled and reviewed; the receipts apportioned and cash balances appear to be accurately presented on the County Treasurer's monthly reports with the exception that the general fund disbursements could not be reconciled to the warrants issued. However, internal controls over financial reporting should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to the process of accurately presenting the receipts apportioned, disbursements, and cash balances on the County Treasurer's monthly reports through discussions with the County Treasurer, observation, and review of documents.
- Performed the following to ensure receipts apportioned, disbursements, and cash balances were accurately presented on the County Treasurer's monthly reports:
 - Reconciled County Treasurer's receipts to amounts apportioned on the County Treasurer's monthly reports.
 - Reconciled the County Clerk's warrants issued to disbursements paid by the County Treasurer.
 - Re-performed 79 bank reconciliations during FY 2011 and FY 2012, to determine that all reconciling items were valid, and ending balances on the general ledger agreed to the ending balances reflected on the Treasurer's monthly reports.

Finding: Inadequate Internal Controls Over the Reconciliation of General Fund Disbursements to Warrants Issued

Condition: During test work performed to reconcile Treasurer's disbursements to warrants issued, OSAI was unable to reconcile general fund disbursements as reported on the monthly reports to the County Clerk's warrant issued.

Cause of Condition: Policies and procedures have not been designed to ensure that disbursements are adequately supported and error corrections, non-sufficient fund corrections, and credit card payments be corrected by journal entry or collection corrections.

Effect of Condition: This could result in erroneous recorded transactions, undetected errors, and possible misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management take steps to ensure disbursements are adequately supported and error corrections, non-sufficient fund corrections, and credit card payments be corrected by journal entry or collection corrections.

Management Response:

Treasurer:

The office now has another person review all reports to eliminate error. The office is using a new credit card company and receives balances every other day to balance regularly.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, management should provide adequate documentation to support receipt and disbursement amounts for county funds.

Finding: Inadequate Internal Controls Over Bank Reconciliations

Condition: During test work, OSAI was unable to re-perform the bank reconciliations for 8 of 79 bank reconciliations. Additionally, 3 of the 79 bank reconciliations did not have evidence of a review by anyone other than the preparer.

Cause of Condition: Policies and procedures have not been designed and implemented for performing and reviewing bank reconciliations.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that policies and procedures be implemented for bank reconciliations which should include an indication of review and approval by someone other than the preparer.

Management Response:

Treasurer:

The office now has another person review all reports to eliminate error. The office is using a new credit card company and receives balances every other day to balance regularly.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriations.

Objective 2:	To determine the County's financial operations complied with 62 O.S. § 517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments.
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Conclusion: With respect to the days tested, the County complied with 62 O.S. § 517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to pledged collateral through discussions with the County Treasurer, observation, and review of ledgers and documents.
- Tested internal controls, which included the following:
 - Verified that bank balances were compared to pledged securities.
- Tested compliance with 62 O.S. § 517.4 by selecting 25 days per fiscal year and tested the following:
 - The Treasurer’s pledged collateral reflects that the County deposits were adequately secured.
 - The bank’s pledged collateral certificate amounts agreed to the market value of the collateral listed on the County Treasurer’s ledger.

<p>Objective 3: To determine the County’s financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.</p>
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Conclusion: With respect to the items tested, the County complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal control process of receipting, apportioning, and disbursing sales tax collections through discussions with County personnel, observation, and review of documents.
- Tested internal controls, which included the following:
 - Verified that an employee recalculated the apportionment of sales tax collections, as well as, ensuring the sales tax collections were apportioned to the proper funds.
- Tested compliance of the significant law, which included the following:
 - Reviewed sales tax ballots to determine designation and purpose of sales tax collections.
 - Obtained confirmations from the Oklahoma Tax Commission for sales tax payments made to the County and recalculated the amounts apportioned by the County Treasurer to ensure sales tax collections were apportioned to the proper funds.
 - Selected a random sample of 40 expenditures per year from the Sales Tax Revolving Fund and determined that expenditures were made for purposes designated on the sales tax ballot.

Objective 4: To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Conclusion: With respect to the items tested, the County complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong. However, internal controls over ad valorem tax apportionments should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of apportioning and distributing ad valorem tax collections, which included discussions with County personnel, observation, and review of documents.
- Tested compliance of the significant law, which included the following:
 - Compared the certified levies for the audit periods to the computer system to determine the County Treasurer applied the certified levies, as fixed by the Excise Board of the County, to the tax rolls.
 - Recalculated the apportionment of ad valorem tax collections to determine collections were accurately apportioned to the taxing entities.

Finding: Inadequate Internal Controls Over the Ad Valorem Tax Apportionments

Condition: The County did not maintain documentation that certified levies were reviewed for accuracy when entered into the ad valorem tax system by the County Treasurer which caused an inaccurate amount to be remitted to a school district.

Cause of Condition: Procedures have not been designed to document and retain evidence of procedures performed to ensure ad valorem tax levies are accurately entered into the ad valorem system.

Effect of Condition: These conditions could result in undetected errors, misappropriation of funds, and/or loss of revenues. This condition resulted in ad valorem tax collections not being accurately remitted to a school district.

Recommendation: OSAI recommends that the County Treasurer implement a system of internal control to provide reasonable assurance that the tax levies are entered into the Treasurer's system accurately and maintain evidence of these controls.

Management Response:

Assessor:

Management will implement a more efficient checks/balance procedure when mill levies are entered.

Treasurer:

This office now has a policy that reviews and that persons signs off that levies are correct.

Criteria: Accountability and stewardship are overall goals in evaluating management’s accounting of funds. Internal controls should be designed to analyze and check accuracy and completeness. To help ensure proper accounting of funds, the duties of allocating, and apportioning ad valorem tax should be segregated or reviewed by an independent party.

Objective 5: To determine the County’s financial operations complied with 19 O.S. § 1505C, 19 O.S. § 1505E, and 19 O.S. § 1505F, which outlines procedures for expending county funds.

Conclusion: With respect to the items tested, the County did not comply with 19 O.S. § 1505C, 19 O.S. § 1505E, and 19 O.S. § 1505F, which outlines procedures for expending county funds.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of encumbering purchase orders, authorization of payment of purchase orders, and documenting goods and services received, which included discussions with County personnel, observation, and review of documents.
- Tested compliance of the significant law, which included selecting a random sample of 40 purchase orders per fiscal year from county funds and determining the following:
 - Purchase orders were properly requisitioned as required by 19 O.S. § 1505C.
 - Purchase orders were properly encumbered as required by 19 O.S. §1505C.
 - The receiving officer prepared and signed a receiving report as required by 19 O.S. § 1505E.
 - The County Clerk or designee compared the purchase order to the invoices, receiving report, and delivery documents as required by 19 O.S. § 1505E.
 - Purchase orders were approved for payment by the Board of County Commissioners as required by 19 O.S. § 1505F.

Finding: Noncompliance with Purchasing Statutes

Condition: Our test of 80 purchase orders revealed the following noncompliance with regard to purchasing statutes:

- Twenty one of the eighty purchase orders tested were not timely encumbered.
- Six of the eighty purchase orders tested indicated more money was spent than was encumbered.

Cause of Condition: Policies and procedures have not been designed to ensure implementation of timely and accurate encumbrance of county funds.

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

Recommendation: OSAI recommends that the County encumber purchase orders prior to ordering or receiving goods and services and strictly adhere to state purchasing statutes.

Management Response:

County Clerk: We have reviewed the audit and are taking steps to correct the items that were discussed. As we talked about these are items before my time of being employed as County Clerk. We will be trying different steps to see which one is going to work best with our office.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, purchase orders should be encumbered prior to receiving the goods or services as required by 19 O.S. §1505C.

Objective 6:	To determine the County's financial operations complied with 19 O.S. § 1505B, which requires county purchases in excess of \$10,000 be competitively bid.
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Conclusion: With respect to the items tested, the County complied with 19 O.S. § 1505B, which requires that purchases in excess of \$10,000 be competitively bid.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of competitively bidding purchases in excess of \$10,000, which included discussions with County personnel, observation, and review of documents.
- Tested internal controls, which included the following:
 - Determining that all purchases for \$10,000 or more are initiated in a Board of County Commissioners' open meeting with a majority approval to go out for bids.
 - Through interviews, determining that the purchasing agent is aware of statutory bid limits and reviews all requisitions to determine if the purchase should be bid.
 - Reviewing tabulations of submitted bids prepared by the purchasing agent and reviewing minutes of the Board of County Commissioners' open meeting for documentation of the discussion of submitted bids.
 - Determining that a majority of the Board of County Commissioners approved the bid in an open meeting and recorded reasons for not accepting the lowest bid.

- Tested compliance with 19 O.S. § 1505B for county purchases exceeding \$10,000, which included the following:
 - We selected a random sample of five purchases per fiscal year in excess of \$10,000 and determined that the County followed statutes regarding public notices, handling of unopened bids, awarding bid to best bidder, recording appropriate information in the BOCC minutes, and notification to successful bidders.

Objective 7: To determine the County's financial operations complied with 19 O.S. § 180.62 and § 180.63 regarding amounts allowed for officers' salaries.

Conclusion: With respect to the discussions held with County personnel and observance of documentation, the county did comply with 19 O.S. § 180.62 and 180.63 regarding amounts allowed for officers' salaries. However, internal controls over the payroll expenditure process should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of determining amounts allowed for officers' salaries, which included discussions with County personnel, observation, and review of documents.
- OSAI reviewed the salaries of the elected officials with the salary calculation worksheet.

Finding: Inadequate Segregation of Duties Over the Payroll Expenditures

Condition: The Payroll Clerk enrolls new employees, maintains personnel files, prepares OPERS reports, prepares state and federal tax reports, posts payroll information into the system, and prints payroll warrants.

Cause of Condition: In an effort to maximize efficiency and available resources, the County has relied upon one individual to perform the majority of the payroll process.

Effect of Condition: Due to the condition mentioned above, an opportunity for errors and misappropriation of county assets exists.

Recommendation: OSAI recommends the following key accounting functions of the payroll process be adequately segregated:

- Enrolling new employees and maintaining personnel files.
- Reviewing time records and preparing payroll.

Management Response:

County Clerk: We have reviewed the audit and are taking steps to correct the items that were discussed. As we talked about these are items before my time of being employed as County Clerk. We will be trying different steps to see which one is going to work best with our office.

Criteria: Effective internal controls include key functions within a process be adequately segregated to allow for prevention and detection of errors and abuse.

Objective 8: To determine the County’s financial operations complied with 19 O.S. § 1504A, which requires the receiving officer to maintain a record of all supplies, materials, and equipment received, disbursed, stored, and consumed by his department.

Conclusion: With respect to the discussions held with County personnel and observance of documentation, the County did comply with 19 O.S. § 1504A, which requires the receiving officers to maintain a record of all supplies, materials, and equipment received, disbursed, stored, and consumed by his department.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of maintaining a record of all supplies, materials, and equipment received, disbursed, stored, and consumed by a department, which included discussions with County personnel, observation, and review of documents.
- Tested compliance of the significant law, which included the following:
 - Reviewed fuel logs for Districts 2 and 3 to determine that fuel logs are maintained, reconciled (internal control), and agree to a physical count on hand (District 1 does not have fuel at the District yard).
 - Reviewed month end reconciliations for District 1 to determine that reconciliations for fuel are maintained and reviewed (internal control).

Objective 9: To determine the County’s financial operations complied with 19 O.S. § 178.1 and 69 O.S. § 645, which requires the maintenance of inventory records, periodic inventory verifications, and that equipment be clearly and visibly marked “Property of” the County.

Conclusion: With respect to the items tested, the County did generally comply with 19 O.S. § 178.1 and 69 O.S. § 645, which requires the maintenance of inventory records, periodic inventory verifications, and that equipment be clearly and visibly marked “Property of Creek County.” However, internal controls over fixed assets inventory records should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of maintaining inventory records, verifying inventory, and marking equipment "Property of" the County, which included discussions with County personnel, observation, and review of documents.
- Tested compliance of the significant law, which included the following:
 - Randomly selected 25 items from each elected official's inventory records and verified their records of inventories to determine that inventory records are correct. The sample also included items that are required to be properly marked "Property of Creek County" as required by 69 O.S. § 645.

Finding: Inadequate Controls Over Fixed Assets Inventory Records

Condition: The County Treasurer did not have procedures in place to ensure that the fixed assets inventory listing is maintained.

- As a result, the inventory listing on file in the County Clerk's office did not reflect the actual inventory currently in the County Treasurer's office.
- The Treasurer's fixed assets were overstated by \$277,945.78. The reported asset value was \$455,976.21 and the fixed asset value was \$178,030.43.

Cause of Condition: Procedures have not been designed and implemented with regard to effective internal controls over safeguarding fixed assets inventories.

Effect of Condition: Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to accurately account for the County's fixed assets.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 69 O.S. § 645. These procedures would include keeping accurate fixed assets inventory listings.

Management Response:

Treasurer:

At the time and in years past whatever was discarded or given to other offices all paperwork was done to remove it from inventory but the old DOS system wouldn't remove it. They had an excel sheet that was correct. We have stopped using the DOS inventory and only use the Excel that was approved.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls constitute a process affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition, and safeguard fixed assets inventory items from loss, damage, or misappropriation.

Objective 10: To determine the County's financial operations complied with 19 O.S. § 682, which requires officers to deposit daily in the official depository all collections received under the color of office.

Conclusion: With respect to the days tested and items reconciled, the County generally complied with 19 O.S. § 682, which requires officers to deposit daily in the official depository all collections received under the color of office. However, internal controls over receipting and depositing should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the process of officers depositing daily in the official depository all collections received under the color of office, which included discussions with County personnel, observation, and review of documents.
- Tested compliance with 19 O.S. § 682, which included reviewing a sample of ten receipts from each officers' Official Depository accounts and verifying the following:
 - Official Depository receipts are deposited daily.
 - Deposits are promptly and accurately recorded as to account, amount, and period.
 - Official Depository receipts agree to the amounts recorded on the deposit.

Finding: Noncompliance and Inadequate Internal Controls Over Officers' Official Depository Accounts

Condition: Upon inquiry and observation of the Officers' Official Depository receipting process, the following was noted:

- All employees issue receipts and work from one cash drawer for the following offices:
 - County Assessor
 - County Clerk
 - Court Clerk
- Daily deposits are not made in the Assessor's office.

Cause of Condition: Internal controls regarding policies and procedures have not been designed and implemented to adequately segregate the duties over the receipting and depositing process for the Official Depository accounts.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends 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.
- Each office should establish separate cash drawers for all employees receiving cash and deposit cash daily.

Management Response:

Assessor:

Management will implement and enforce new policy requiring deposits to be made on a regular daily basis.

County Clerk: We have reviewed the audit and are taking steps to correct the items that were discussed. As we talked about these are items before my time of being employed as County Clerk. We will be trying different steps to see which one is going to work best with our office.

Court Clerk: The Court Clerk’s Office will immediately begin taking steps to implement separate cash drawers for each employee that handles money.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receipting, reconciling the cash drawer, preparing and making deposits, and reconciling account balances should be segregated. 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, or clerical errors that are not detected in a timely manner.

Objective 11: To determine the County Court Clerk’s financial operations complied with 19 O.S. § 220 and 20 O.S. § 1304, which outlines procedures for expending Court Clerk Revolving Fund monies and Court Fund monies, respectively.

Conclusion: With respect to Court Clerk Revolving Fund monies and Court Fund monies tested, the County complied with 19 O.S. § 220 and 20 O.S. §1304, which outlines procedures for expending Court Clerk Revolving Fund monies and Court Fund monies, respectively. However, internal controls over financial operations should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to expending Court Clerk Revolving Fund monies and Court Fund monies, which included discussions with County personnel, observation, and review of documents.
- Tested compliance with 19 O.S. § 220 for the Court Clerk Revolving Fund, which included the following:
 - Randomly selected 10 claims per fiscal year from the Court Clerk Revolving Fund Claims and verified the following:

- Expenditures were made for the operation of the court.
- Claims were approved by the Court Clerk and either the District or Associate District Judge.
- Tested compliance with 20 O.S. § 1304 for the Court Fund, which included the following:
 - Randomly selected 25 Court Fund claims per fiscal year and verified the following:
 - Expenditures were made for the lawful operation of the office.
 - Claims were approved by the District Judge and either the Court Clerk or the local Associate District Judge.

Finding: Inadequate Internal Controls Over the Court Clerk Revolving Fund and Court Fund Expenditures

Condition: The Court Clerk’s office did not complete or maintain all supporting documentation required. We noted the following:

- Receiving reports were not completed for all Court Clerk Revolving Fund claims, as well as, the Court Fund claims.
- One of the twenty items selected from the Court Clerk Revolving Fund claims did not have supporting documentation for the purchase.

Cause of Condition: Inadequate Internal Controls over Court Clerk Revolving Fund and Court Fund expenditures have not been implemented to ensure compliance with purchasing statutes.

Effect of Condition: These conditions could result in Noncomplaine with state statutes.

Recommendation: OSAI recommends the County implement procedures to ensure that all required documentation be completed and maintained for each purchase.

Management Response:

Court Clerk: The Court Clerk’s office will use supporting documentation and proper receiving reports on all claims made from the revolving fund and the court fund.

Criteria: Effective internal controls require that the Court Clerk’s office properly implement procedures to maintain and review supporting documentation.

Objective 12:	To determine the County Sheriff’s Inmate Trust Fund financial operations complied with 19 O.S. § 531A, which requires these funds only be expended to refund monies to inmates or to transfer funds to the Sheriff’s Commissary Fund for inmate expenditures.
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Conclusion: With respect to the County Sheriff’s Inmate Trust Fund, the Sheriff did comply with 19 O.S. § 531A, which requires these funds only be expended to refund monies to inmates or to transfer

funds to the Sheriff's Commissary Fund for inmate expenditures. However, internal controls over the segregation so duties for the Inmate Trust Fund should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to expending funds from the Sheriff's Inmate Trust Fund, which included discussions with County personnel, observation, and review of documents.
- Tested compliance with 19 O.S. § 531A, which included the following:
 - Randomly selected two deposits from each month, for each fiscal year, and verified that the receipt amount agreed to the deposit.
 - Randomly selected two vouchers from each month, for each fiscal year, and verified that the voucher amount agreed to the payee amount and the payee listed in the system agreed to the voucher payee.
 - We verified that a monthly reconciliation was performed, the monthly computer system balance agreed to the bank account balance, and the monthly reconciliation was reviewed and approved.

Finding: Segregation of Duties for the Inmate Trust Fund

Condition: The Sheriff has installed a kiosk in the lobby of the jail for friends and family of inmates to deposit money on inmates' accounts; however, money is still received through the mail for inmate accounts. We noted that one employee receipts money, prepares the daily deposit, and performs monthly reconciliations of the Inmate Trust Fund.

Cause of Condition: One employee performs all duties relating to the Inmate Trust Account.

Effect of Condition: This condition could result in unrecorded transactions and/or undetected errors.

Recommendation: OSAI recommends that key accounting processes of the Inmate Trust Fund such as receipting money, preparing daily deposits, and performing monthly bank reconciliations should be adequately segregated.

Management Response:

Sheriff: The duties below have been implemented since the finding was brought to our attention.

1. When an inmate arrives at the facility and during the booking process the arresting officer counts all money in the possession of the inmate to the shift supervisor and/or detention officer.
2. The shift supervisor and a detention officer both then count the money, notating the amount and type (cash, check, money order) in the cash book with both individuals initialing the entry.
3. Money is then placed in an envelope and sealed, notating the amount and type on the front.
4. The money envelope is then secured by dropping into the booking safe.
5. The commissary/finance clerk will retrieve the money envelopes from the booking safe. A detention officer will count the money while visible under the security camera located above the booking desk,

**CREEK COUNTY
OPERATIONAL AUDIT**

in the presence of the commissary/finance clerk watching to verify the amount is the same as the amount notated in both the cash book and on the front of the money envelope.

6. Money is then placed back into the envelope and placed in the mail basket which is in the possession of the commissary/finance clerk to be taken to the commissary/finance clerk's office.
7. After all monies are counted, commissary/finance clerk and shift supervisor or detention officer sign and date below all entries that were verified within the cash book at that time.
8. All monies are then taken to the records review office and money is added into the Tiger Commissary Services System, to the appropriate inmate accounts, which have either been created if an individual is a new inmate, or added to an existing account if money order or check sent from an outside source.
9. After all monies are added, cash drawers are consolidated and deposits are recorded in the Tiger Commissary System.
10. Detailed paper copies of all cash/money entries, with the deposit record, are printed, stapled together and filed.
11. A second individual is then summoned and counts the money to verify it matches all recorded amounts and initials the printed deposit record.
12. A deposit slip is then filled out, signed and placed in the bank bag with the money to be driven to the bank and deposited by the warrants clerk.
13. The warrants clerk returns bank bag with daily deposit receipt within, to the jail, along with mail retrieved from post office.
14. The daily receipt is attached to the corresponding deposit record in the deposit book for record keeping.
15. After a period of a month, paper copies of the daily reconciliations and deposits are placed in an envelope titled "Consolidation Reports, MM/DD – MM/DD" to be kept and stored.
16. Each month, a bank statement is received. Accounts are then reconciled within the Tiger Commissary Services System, showing that the bank account and the Tiger log of monies are the same.
17. A report is printed added, with the monthly reconciled bank statement, to a notebook containing all bank information. The book is available to all Administration and/or Auditors for review.

Criteria: Effective internal controls require that management properly implement procedures to ensure one employee is not receipting monies, preparing deposits, and reconciling monthly account statements.



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

WWW.SAI.OK.GOV