

STATUTORY REPORT

# CREEK COUNTY TREASURER

August 9, 2016



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

**DON ENGEL, COUNTY TREASURER  
CREEK COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
AUGUST 9, 2016**

---

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

December 5, 2016

BOARD OF COUNTY COMMISSIONERS  
CREEK COUNTY COURTHOUSE  
SAPULPA, OKLAHOMA 74066

Transmitted herewith is the Creek County Treasurer Statutory Report for August 9, 2016. 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,

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



# Oklahoma State Auditor & Inspector

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

Don Engle, Creek County Treasurer  
Creek County Courthouse  
Sapulpa, Oklahoma 74066

Dear Mr. Engle:

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.
- At the request of the County Treasurer, review the Resale Fund expenditures to determine compliance with 68 O.S. § 3137.

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 Creek 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

November 30, 2016

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2017-01 – Possible Noncompliance Regarding Resale Property Fund Expenditures**

**Condition:** All salary and expenditures of the County Treasurer’s office, with the exception of the salary of the elected official, are funded from the Resale Property Fund. Expenditures from the Resale Property Fund are restricted by statute for the enforcement of the tax laws of the state which primarily involves the collection of delinquent property taxes.

While it cannot be determined what percentage of funding is necessary for the collection of delinquent property taxes, there are many duties of the County Treasurer’s office related to general bookkeeping functions as well as the processing of other revenue sources that are not related to this purpose. Further, these other duties are not performed solely by the County Treasurer.

**Cause of Condition:** The County Treasurer has limited funds to operate the office. Since funds from the Resale Property Fund are the predominant funds available to the County Treasurer, these funds have been used for all deputies’ salaries, travel expenses, and operating expenses of the office. Further, policies and procedures have not been designed and implemented to ensure that Resale Property Fund expenditures are made in accordance with state statute.

**Effect of Condition:** Funds from the Resale Property Fund appear to have been used for purposes other than for the enforcement of the tax laws of the state.

**Recommendation:** The Oklahoma State Auditor & Inspector’s (OSAI) recommends the Board of County Commissioners and the County Treasurer review the annual Resale Property Financial Statement for accuracy and compliance with state statute. OSAI also recommends management implement policies and procedures to ensure compliance with 68 O.S. § 3137 which outlines the restricted uses of the fund.

**Management Response:**

**County Treasurer:** When it was brought up in our 2017 FY Budget Meeting it was resolved by increasing the Treasurer’s Budget to \$314,279.92 for the 2017 Budget. This will fully fund the Creek County Treasurer’s Office 2017 Budget.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed and implemented to ensure expenditures from the Resale Property Fund, including payroll, are made in compliance with 68 O.S. § 3137.

**Finding 2017-2 – Inadequate Internal Controls and Noncompliance Over the General Ledger**

**Condition:** During our review on August 9, 2016, we noted vouchers paid from the Official Depository Fund are not marked with the actual date paid on the County’s Official Depository Ledger; instead they are marked paid each Friday.

**DON ENGLE, COUNTY TREASURER  
CREEK COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
AUGUST 9, 2016**

---

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure vouchers are marked paid on the actual paid date on the Official Depository Ledger.

**Effect of Condition:** This condition resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends that management implement internal controls to ensure compliance with 19 O.S. § 625, which includes vouchers paid being reflected on the Official Depository Ledger the date they clear the bank.

**Management Response:**

**County Treasurer:** Upon finding out that this account has been updated to allow us to balance daily, also this will allow us to import the data to our Treasurer software. This will give us instant access to the paid and unpaid warrants. Allowing us to share the actual payout of the warrants and vouchers. As per 19 O.S. sub section 625.

**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 ensure vouchers paid are properly reflected on the County's Official Depository Ledger.

Additionally, vouchers should be marked paid the day they actually clear the bank to help ensure the proper accounting of funds to comply with 19 O.S. § 625, which states in part, "...all disbursements by him made, showing the time when, to whom, on what account, and the amounts paid..."

**Finding 2017-3 – Inadequate Internal Controls Over the County Treasurer's Investment Ledger**

**Condition:** The investment ledger is not maintained in enough detail to determine the principal amounts of County funds held in a joint investment with other funds. Due to this condition, it could not be determined if the County was properly calculating the correct amount of interest earned on investments and that all interest was apportioned to the fund in which the investment originated.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the Investment Ledger contains the needed information recommended on SA&I Form 322, *County Treasurer's Investment Record*.

**Effect of Condition:** This condition could result in interest from investments not being apportioned to the appropriate funds and when the investment is liquidated the principal amount not placed in the fund in which the investment originated.

**Recommendation:** OSAI recommends management implement internal controls to ensure all monies that are invested are linked to the fund in which the investment was made and that all interest be properly calculated and apportioned to the fund in which the investment originated.

**Management Response:**

**County Treasurer:** While trying to find out the source of funds after talking with my first deputy I was informed that the investment funds were excess funds in the General Account. With this information all accounts in the account will share a portion of the fund.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed and implemented to ensure the investment ledger contains sufficient details of the fund from which county monies were invested and an accurate recording of interest earned and apportioned.

**Finding 2017-4 – Financial Record Preparation**

**Condition:** During our review of the procedures involved in the reconciliation of the County Treasurer’s financial records to the County Clerk’s financial records, the following was noted:

- The County Treasurer and the County Clerk do not reconcile the County Treasurer’s general ledger to the County Clerk’s appropriation ledger.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County Treasurer’s general ledger is reconciled to the County Clerk’s appropriation ledger, which includes reconciling warrants issued to disbursements and reconciling the ending balance of the general ledger to the ending balance of the appropriation ledger.

**Effect of Condition:** This condition could result in misappropriation of assets, unrecorded transactions, incomplete disbursement data, and undetected errors.

**Recommendation:** OSAI recommends management design and implement policies and procedures to ensure that the County Treasurer’s general ledger is reconciled to the County Clerk’s appropriation ledger, which includes reconciling warrants issued to disbursements and reconciling the ending balance of the general ledger to the ending balance of the appropriation ledger.

**Management Response:**

**County Treasurer:** Upon a request of a subaccount balance we found that the subaccounts were out of balance. With further inspection we found unaccounted funds from previous years in these accounts. We started a review of the accounts and had a meeting with the County Clerks official and started to come up with a way for all of the County subaccounts to balance back to the General Bank Account. With the taxes starting to come in we have set a timeline with the Clerk’s office to start up with meetings to enact this to Creek County to the new system.

**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,

**DON ENGLE, COUNTY TREASURER  
CREEK COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
AUGUST 9, 2016**

---

designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. To help ensure a proper accounting of funds, the County Treasurer's general ledger should be reconciled to the County Clerk's appropriation ledger on a monthly basis.





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

[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)