

**CREEK
COUNTY
TREASURER**

MAY 11, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**JEFF SPARKS, COUNTY TREASURER
CREEK COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 11, 2010**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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July 12, 2010

BOARD OF COUNTY COMMISSIONERS
CREEK COUNTY COURTHOUSE
SAPULPA, OKLAHOMA 74066

Transmitted herewith is the Creek County Treasurer Statutory Report for May 11, 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

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Jeff Sparks, County Treasurer
Creek County Courthouse
Sapulpa, Oklahoma 74066

Dear Mr. Sparks:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for May 11, 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 Creek County.

Based on the above subsidiary record reconciliation, visual verification and confirmation procedures performed, the cash and investments of the County are supported by bank and subsidiary records, and are adequately secured to prevent loss in the event of a bank failure. With respect to bank reconciliations, and investments on the General Ledger, our findings are presented in the accompanying schedule of findings and responses. With respect to segregation of duties in regards to expenditure transactions, our finding is 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

June 18, 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: A concentration of duties exists in the Treasurer's office because one deputy has the opportunity to perform all of the following related functions with respect to expenditure transactions: the deputy prepares vouchers, signs vouchers, posts vouchers, and distributes vouchers. The deputy also authorizes purchases, prepares claims, and approves claims.

Effect: By having employees who have the opportunity to perform more than one area of recording, authorizing, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

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. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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: I have read your review, and thank you for bringing this to my attention. This will be corrected.

Finding 2010-2 – Bank Reconciliations

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the Treasurer's office should reconcile the bank balances to the general ledger on a monthly basis and identify all reconciling items.

Condition: It appears the general account reconciliations as of May 11, 2010, had variances in the amount of \$165 that could not be identified.

Effect: By not reconciling accounts to bank records, it increases the risk of possible misstatement and misappropriation of funds.

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Recommendation: OSAI recommends the Treasurer's office identify all reconciling items when balancing their general ledger to the bank.

Views of responsible officials and planned corrective actions: I have read your review, and thank you for bringing this to my attention. This will be corrected.

Finding 2010-3 – General Ledger

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the General Ledger should reflect the current value of investments.

Condition: An investment on the General Ledger was understated by \$29.81. The General Ledger listed the value of the investment at \$320,000.00 and the account summary page per the bank had a value of \$320,029.81.

Effect: The General Ledger does not accurately reflect the value of the County's investments. Also, not reporting the correct value could result in the County being under-collateralized.

Recommendation: OSAI recommends the County correctly report the current value of investments on the General Ledger.

Views of responsible officials and planned corrective actions: I have read your review, and thank you for bringing this to my attention. This will be corrected.



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