

STATUTORY REPORT

# DISTRICT ATTORNEY

# DISTRICT 10

# TURNOVER

December 27, 2010



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



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

**OFFICER TURNOVER STATUTORY REPORT  
LARRY STUART, DISTRICT ATTORNEY  
DISTRICT 10  
OSAGE AND PAWNEE COUNTIES  
DECEMBER 27, 2010**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212.H, 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 Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

March 1, 2011

Larry Stuart, District Attorney  
District 10  
Osage County Courthouse  
Pawhuska, Oklahoma 74056

Transmitted herewith is the Officer Turnover Statutory Report for the District Attorney of District 10, Osage and Pawnee Counties for December 27, 2010. The engagement was conducted in accordance with 74 O.S. § 212.H.

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 "Gary A. Jones". The signature is fluid and cursive.

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



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For the purpose of complying with 74 O.S. § 212.H, we have performed the following procedures:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Determine whether the District Attorney reconciles with the County Treasurer.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.

Information addressed in this report is the representation of the respective officer.

Our officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed, equipment items on hand agreed with inventory records and the District Attorney reconciles with the County Treasurer. With respect to whether total claims approved for the operation of said Office was in excess of limitations, our finding is presented in the accompanying schedule of findings and responses. In performing the procedures, we noted matters of segregation of duties, receipts issued for monies received, and monthly reports filed with the County Clerk, and our findings are presented in the accompanying schedule of findings and responses.

This report is intended for the information and use of the management of Osage and Pawnee Counties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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

December 30, 2010

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2011-1 – 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 lack of segregation of duties exists in the Pawnee County District Attorney's office because one employee opens the mail, writes the receipts, receives money, balances the cash drawer, makes deposits with the Treasurer, posts deposits to the cash book, reconciles with the Treasurer, and posts payments to accounts.

Another employee writes receipts, balances the cash drawer, makes deposits with the Treasurer, posts deposits to the cash book, and posts payments to accounts.

A lack of segregation of duties exists in the Osage County District Attorney's Office because one employee opens the mail, writes the receipts, receives money, balances the cash drawer, makes deposits with the Treasurer, posts deposits to the cash book, reconciles with the Treasurer, and posts payments to accounts.

Another employee writes receipts, balances the cash drawer, makes deposits with the Treasurer, and posts deposits to the cash book.

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: Management did not respond.

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**Finding 2011-2 – Receipts**

Criteria: The overall goal of effective internal controls as they relate to governmental entities in evaluating management's accounting for funds is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds receipts should be issued upon receipt of monies.

Title 28 O.S. § 9 states:

Every officer charging fees shall give a receipt therefor.

Condition: In the Pawnee County District Attorney's Office receipts had not been issued for checks and money orders on hand at the time of the engagement.

Effect: This condition could result in possible risk of misappropriation of funds.

Recommendation: OSAI recommends management ensure receipts are issued for all monies when received.

Views of responsible officials and planned corrective actions: Management did not respond.

**Finding 2011-3 – Monthly Reports**

Criteria: Title 19 O.S. § 681 states in part:

The county treasurer is hereby designated and made the official depository for all moneys, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind that may be received by any county officer, county board, county commission, or by any employee of either of such officers, boards or commissions by virtue or under color of office; and the said county treasurer shall be responsible on his official bond for the faithful performance of duty as such official depository.

Title 19 O.S. 684 states in part:

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 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

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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 District Attorney's Office does not submit a monthly fee report to the County Clerk.

Effect: By not submitting a monthly report to the County Clerk, the District Attorney is not accounting for sources and amounts of revenue received and vouchers issued.

Recommendation: OSAI recommends the District Attorney takes steps to prepare and file a monthly report with the County Clerk.

Views of responsible officials and planned corrective actions: Management did not respond.

**Finding 2011-4 - Claims in excess of limitations**

Criteria: Title 19 O.S. § 347.C states in part:

Whenever a county officer holding an elective office will not immediately serve a succeeding term in the same office, it shall be unlawful for the board of county commissioners, during the first six (6) months of the fiscal year in which said term of office expires, to approve claims for the operation of said office totaling in excess of one-half (1/2) the amount allocated for the operation of said office during said fiscal year, unless approval in writing is obtained from the county excise board, and any claim in excess thereof and any warrant issued pursuant thereto shall be null and void.

Condition: The District Attorney expended in excess of fifty percent (50%) of the Civil Attorney account and the Law Books account.

<b>Account</b>	<b>Appropriations</b>	<b>Unencumbered Balance</b>	<b>% of Unencumbered</b>
Civil Attorney	\$120,000	\$57,640	49%
Law Books	\$15,000	\$6,180	41%

Effect: Claims and warrants issued may be found to be null and void.

Recommendation: OSAI recommends the Board of County Commissioners not approve claims in excess of the limitations imposed in 19 O.S. § 347.C unless approval in writing is obtained from the County Excise Board.

Views of responsible officials and planned corrective actions: Management did not respond.



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