


STATUTORY REPORT

DISTRICT ATTORNEY DISTRICT 8 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
MARK GIBSON, DISTRICT ATTORNEY
DISTRICT 8
KAY AND NOBLE COUNTIES
DECEMBER 27, 2010**

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Oklahoma State Auditor & Inspector

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February 17, 2011

Mark Gibson, District Attorney
District 8
Kay County Courthouse
Newkirk, Oklahoma 74647

Transmitted herewith is the Officer Turnover Statutory Report for the District Attorney of District 8, Kay and Noble 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".

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 that the District Attorney maintains a true and accurate inventory of all property seized in accordance with 63 O.S. § 2-506.K.
- 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, with respect to items tested, equipment items on hand agreed with inventory records; the District Attorney maintains a true and accurate inventory of all property seized; and the amount of total claims approved for the operation of said Office was not in excess of limitations. With respect to whether the District Attorney reconciles with the County Treasurer, our finding is presented in the accompanying schedule of findings and responses. In performing our procedures, we noted a matter concerning the monthly reports of the District Attorney's office being on file with the County Clerk and a matter of segregation of duties. 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 Kay and Noble Counties. 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 "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

December 28, 2010

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DISTRICT 8
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – 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 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 Board of County Commissioners.

Effect: By not submitting a monthly report to the Board of County Commissioners, 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 Board of County Commissioners.

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

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Finding 2011-2 – Segregation of Duties (Kay County)

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 calculations and/or transactions. To help ensure a proper accounting of funds, a monthly reconciliation should be performed for all funds and the reconciliations should be reviewed and approved by someone other than the preparer.

Condition: A lack of segregation of duties exists in the Noble County District Attorney's Office because one employee opens mail, balances the cash drawer, prepares official depository tickets, takes official deposits to the Treasurer, posts daily receipts to cash book, reconciles official depository account balance to the Treasurer, posts payments and/or credits to customer accounts, calculates amounts vouchered to other agencies, reviews amounts vouchered to other agencies, prepares vouchers, posts vouchers to cash book, distributes vouchers, prepares claims with supporting documentation, and certifies receipts of goods or services.

A lack of segregation of duties exists in the Kay County's District Attorney's Office in regards to the collections and disbursements in the following divisions:

- Bogus Check - One employee writes the receipts, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Furthermore this same employee posts the vouchers to the cash book, mails vouchers, and authorizes purchases.
- DA Restitution - One employee writes the receipts, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Furthermore this same employee posts the vouchers to the cash book, mails vouchers, and authorizes purchases.
- DA Supervision - One employee writes the receipts, balances the cash drawer to daily receipts, prepares the official depository ticket, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Furthermore, this same employee posts the vouchers to the cash book, mails vouchers, and authorizes purchases.

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

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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.

Finding 2011-3 – Reconciliations

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 calculations and/or transactions. To help ensure a proper accounting of funds, a monthly reconciliation should be performed for all funds and the reconciliations should be reviewed and approved by someone other than the preparer.

Condition: Based on test work performed, it appears the District Attorney is not reconciling the DA Restitution Diversion account to the Treasurer.

Effect: This condition results in inaccurate reporting, undetected errors, and could result in misappropriation of funds.

Recommendation: OSAI recommends all official depository accounts be reconciled to the County Treasurer on a monthly basis and all reconciliations be reviewed and approved by someone other than the preparer.

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



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