

**DEWEY
COUNTY
TREASURER**

MAY 12, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CINDY FARRIS, COUNTY TREASURER
DEWEY COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 12, 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
DEWEY COUNTY COURTHOUSE
TALOGA, OKLAHOMA 73667

Transmitted herewith is the Dewey County Treasurer Statutory Report for May 12, 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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Cindy Farris, County Treasurer
Dewey County Courthouse
Taloga, Oklahoma 73667

Dear Ms. Farris:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for May 12, 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 Dewey County.

Based on the above bank reconciliations, visual verification, and confirmation procedures performed, the cash and investments of the County are supported by bank records and are adequately secured to prevent loss in the event of a bank failure. With respect to segregation of duties related to accounting for revenue transactions, our finding is presented in the accompanying 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

May 13, 2010

**CINDY FARRIS, COUNTY TREASURER
DEWEY COUNTY, OKLAHOMA
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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 property, and record transactions.

Condition: Based on inquiries and observation of personnel, we noted instances in which a single employee could be responsible for the recording, authorization, custody, and execution of revenue transactions. The Treasurer's office has one full-time deputy. Both the Treasurer and the deputy receive and receipt monies for ad valorem and miscellaneous receipts. The deputy usually prepares the deposit for the official accounts and the general fund and the Treasurer prepares the deposit for the unapportioned. The Treasurer then makes the deposits. Bank accounts are reconciled by the Treasurer for the unapportioned and the deputy for General and Official accounts.

Effect: By having a single person who has 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: Due to the limited number of employees in Dewey County's Treasurer's Office, we will alternate monthly who reconciles bank statements, and who prepares daily deposits.



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