

STATUTORY REPORT

# ELLIS COUNTY TREASURER

January 9, 2012



*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

**KATHY HOLLOWAY, COUNTY TREASURER  
ELLIS COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 9, 2012**

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# Oklahoma State Auditor & Inspector

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

January 25, 2012

BOARD OF COUNTY COMMISSIONERS  
ELLIS COUNTY COURTHOUSE  
ARNETT, OKLAHOMA 73832

Transmitted herewith is the Ellis County Treasurer Statutory Report for January 9, 2012. 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,

A handwritten signature in blue ink, reading "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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Kathy Holloway, Ellis County Treasurer  
Ellis County Courthouse  
Arnett, Oklahoma 73832

Dear Ms. Holloway:

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.

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 the 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, reading "Gary A. Jones".

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

January 10, 2012

**KATHY HOLLOWAY, COUNTY TREASURER  
ELLIS COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2012-1—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 funds, and record transactions

Condition: The County Treasurer's office has one full-time deputy and two part-time deputies. The Treasurer does attempt to formally segregate the duties of receipting, posting, and depositing daily collections, when there are three people in the office. In situations in which only one other person is working in the office, that person may be responsible for receiving, receipting, and preparing the deposit of all money received with the Treasurer verifying the deposit.

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. 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.

Management Response: Due to the fact that the Ellis County Treasurer's Office only has one full-time deputy, it is not possible to enforce complete segregation of duties. However, we do make sure we check each other on all that we do. As each of us does the morning routine, bank statements and end of day process, we initial and date each one. When each one is checked, it is initialed and dated again. Also, after each day's business is completed and the deposit slips are properly attached, the daily information is taken to the County Clerk's Office. Someone from the County Clerk's Office checks the information and also makes sure the deposit slips match the deposit paperwork. We do have two part-time deputies who also make it easier to have segregation of duties when they are working. We will continue to strive to notice more ways in which we can check each other.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

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