


STATUTORY REPORT

# GRANT COUNTY TREASURER

January 7, 2013

A photograph of the Oklahoma State Capitol dome, showing the top portion with the statue on top, set against a blue sky with white clouds.

*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

**PENNY DOWELL, COUNTY TREASURER  
GRANT COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 7, 2013**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. § 212, 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

January 25, 2013

BOARD OF COUNTY COMMISSIONERS  
GRANT COUNTY COURTHOUSE  
MEDFORD, OKLAHOMA 73759

Transmitted herewith is the Grant County Treasurer Statutory Report for January 7, 2013. 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 that reads "Gary A. Jones".

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



# Oklahoma State Auditor & Inspector

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

Penny Dowell, Grant County Treasurer  
Grant County Courthouse  
Medford, Oklahoma 73759

Dear Ms. Dowell:

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 basic financial statement of Grant 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, appearing to read "Gary A. Jones".

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

January 10, 2013

**PENNY DOWELL, COUNTY TREASURER  
GRANT COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 7, 2013**

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2013-1— Segregation of Duties and Lack of Controls Over Treasurer Receipting Processes**

**Condition:** The County Treasurer's office strives for segregation of duties; however, with two deputies and the County Treasurer, the limited staff makes it difficult for complete segregation. The Treasurer does not formally segregate the duties of receipting, posting, and depositing daily collections. However, the deputies are instructed to monitor and review each other's work. The Treasurer has one change drawer from which she and all deputies make change. Each deputy does have a separate cash bag during tax collection season. The Treasurer selects a deputy randomly to prepare the deposit and take the deposit to the bank. That same deputy may have been the one receiving, issuing and posting most of the receipts during the day.

**Cause of Condition:** One cash register is used for all funds received for the office on a daily basis. Each deputy uses the cash register to document the receipt of funds.

**Effect of Condition:** 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. Additionally, having one cash register for all employees to use could lead to misappropriation or embezzlement 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 approve accounting functions. Additionally, we recommend that the Treasurer use individual cash drawers for each employee that issues receipts so as to properly safeguard assets.

**Management Response:** It is my goal to implement segregation of duties in the best possible manner available for an office our size, while still maintaining a cross trained staff that better serves the taxpayer. That having been said, each deputy is now keeping a separate cash bag each day, for the entire year.

**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.



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