

STATUTORY REPORT

GRANT COUNTY TREASURER

April 11, 2011



*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
APRIL 11, 2011**

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Oklahoma State Auditor & Inspector

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April 29, 2011

BOARD OF COUNTY COMMISSIONERS
GRANT COUNTY COURTHOUSE
MEDFORD, OKLAHOMA 73759

Transmitted herewith is the Grant County Treasurer Statutory Report for April 11, 2011. 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 "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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Penny Dowell, 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 for April 11, 2011:

- 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 Grant County.

Based on the above bank reconciliations, visual verification, and confirmation procedures performed, cash and investments of the County are supported by accounting and bank records and are adequately secured to prevent loss in the event of a bank failure. However, in performing the procedures, we noted a matter of segregation of duties, and 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.

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

April 14, 2011

**PENNY DOWELL, COUNTY TREASURER
GRANT COUNTY, OKLAHOMA
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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 funds, and record transactions.

Condition: The County Treasurer has one full-time deputy. The County Treasurer and the deputy issue receipts, prepare the deposits, and the Treasurer makes the deposits with the financial institutions. There is no formal segregation of duties.

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.

Views of responsible officials and planned corrective actions: I realize that your office understands the difficulty in a very small county in having enough resources and people to staff my office as it should be. However, recently there has been a change in my office personnel, and I now have two employees that each work three days per week and are cross trained to accomplish the work that is required. I will make a more concerted effort to double check their work and they also look at mine. One or the other will do the end of day process and when the deposit comes back the next morning, I always verify the amounts. Also, one employee is now processing the end of the month bank reconciliation for officers before I complete the apportionment. We are making strides with the limited resources available.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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