

STATUTORY REPORT

GREER

COUNTY TREASURER

TURNOVER

June 21, 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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
CHERYL LOGSDON
GREER COUNTY TREASURER
JUNE 21, 2011**

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Oklahoma State Auditor & Inspector

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July 18, 2011

BOARD OF COUNTY COMMISSIONERS
GREER COUNTY COURTHOUSE
MANGUM, OKLAHOMA 73554

Transmitted herewith is the Greer County Officer Turnover Statutory Report for June 21, 2011. The engagement was conducted in accordance with 19 O.S. § 171.

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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Cheryl Logsdon
Greer County Treasurer
Greer County Courthouse
Mangum, Oklahoma 73554

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for June 21, 2011:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- 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.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the County Treasurer's account balances reconcile with bank records.

Information addressed in this report is the representation of the respective county officers.

Our county 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, we have presented our findings in the accompanying schedule.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, reading "Gary A. Jones".

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

June 21, 2011

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2011-1 – Incomplete Records

Criteria: Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, and compliance with applicable laws and regulations. An effective internal control system has in place policies and procedures that reduce the risk of errors and fraud within an organization. A key factor is the environment established by management. Management's attitude, qualifications, and operating style become the foundation of all other internal control components.

Condition: As part of the County Treasurer turnover engagement on June 21, 2011, we identified several areas of concern as follows:

- Unreliable or lack of record keeping including:
 - The general ledger reflects the wrong bank name for the General Bank Account.
 - The last general ledger report printed by the County Treasurer was dated May 31, 2011.
 - Due to the general ledger being incomplete, it could not be viewed or printed as of the audit date.
 - The last update to the investment ledger was April 28, 2011.
 - The last monthly report filed with the Board of County Commissioners for the Treasurer Official Depository Account was April, 2011.
 - Due to the incompleteness of the general ledger, the official depository ledger could not be reconciled to the general ledger.

- Errors in bank and investment reconciliations including:
 - The County Treasurer reconciled the general bank account to the general ledger as of May 31, 2011. Due to the incompleteness of the general ledger, a bank reconciliation could not be performed as of the audit date.
 - The official depository bank account did not reconcile to the general ledger as of May 31, 2011, in the amount of \$7.02. Due to the incompleteness of the general ledger, a bank reconciliation could not be performed as of the audit date.

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- The investment ledger balance at May 31, 2011, was \$250,451.07 and the general ledger balance was \$252,808.12. The cut off statement reflected a balance of \$255,947.97 as of June 20, 2011. Again, due to the incompleteness of the general ledger and the incompleteness of the investment ledger, a reconciliation could not be performed as of the audit date.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the County be aware that there is more than a remote likelihood that a misstatement of the entity's financial records that is more than inconsequential will not be prevented or detected. Management should take action to mitigate the possibility of a misstatement. OSAI further recommends that the County Treasurer's office personnel gain an understanding of the design of the internal control process and implement those controls in an effective and efficient manner.

Views of responsible officials and planned corrective actions: All items have been corrected and are updated and/or reconciled with the exception of the \$7.02.

- Unreliable or lack of record keeping including:
 - General ledger now reflects correct bank name.
 - General ledger report updated thru July 11, 2011.
 - General ledger is complete.
 - Investment ledger updated thru July 11, 2011.
 - Monthly reports filed with the County Commissioners thru June 2011.
 - General ledger is complete and has been reconciled with the official depository ledger.
- Errors in bank and investment reconciliations including:
 - General bank account has been reconciled with the general ledger as of July 8, 2011.
 - The Treasurer and Deputy have spent several hours searching for the discrepancy of \$7.02. They have not been able to find the problem. They will continue to try to search for the problem and will contact the software provider for assistance if needed.
 - General ledger and investment letter have been updated and reconciled, including interest as of July 8, 2011.

Finding 2011-2—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.

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Condition: The County Treasurer has two full-time employees. The County Treasurer and the employees issue receipts, prepare the deposits, and they each make the deposits with the financial institutions. In addition, one employee also prepares the daily report, the general ledger, and prepares the bank reconciliation for official depository. 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: We will do our best to improve in this area. Due to the lack of manpower and at times only one person working, it is impossible to segregate duties.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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