

STATUTORY REPORT

HARMON COUNTY TREASURER

September 30, 2015



*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

**DAVID SEIGRIST, COUNTY TREASURER
HARMON COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
SEPTEMBER 30, 2015**

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Oklahoma State Auditor & Inspector

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February 24, 2016

BOARD OF COUNTY COMMISSIONERS
HARMON COUNTY COURTHOUSE
HOLLIS, OKLAHOMA 73550

Transmitted herewith is the Harmon County Treasurer Statutory Report for September 30, 2015. 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, appearing to read "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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David Seigrist, Harmon County Treasurer
Harmon County Courthouse
Hollis, Oklahoma 73550

Dear Mr. Seigrist:

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 Harmon 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', is written over a light blue horizontal line.

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

February 9, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-01 – Inadequate Internal Controls Over Cash Receipts and Cash Disbursements

Condition: Based upon inquiry and observation of the receipting and balancing process, the County Treasurer has implemented some review processes to enhance internal controls; however, there remains a weakness over the receipting and balancing processes relating to an inadequate segregation of duties.

- The County Treasurer issues receipts, prepares deposits, delivers the deposit to the financial institution, and prepares the monthly apportionment.

Cause of Condition: Compensating control procedures have not been fully designed and implemented with regard to segregating the duties over all aspects of the collections process.

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.

Recommendation: OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that one employee is unable to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response: The County Treasurer is aware of this condition, and where possible, has implemented procedures recommended by OSAI, and will continue the review processes that have been designed and implemented to help ensure accurate reporting of financial records.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.



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