

STATUTORY REPORT

HARMON COUNTY TREASURER

September 29, 2017



*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

**DONNA ALTOM, COUNTY TREASURER
HARMON COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
SEPTEMBER 29, 2017**

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Oklahoma State Auditor & Inspector

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November 15, 2017

BOARD OF COUNTY COMMISSIONERS
HARMON COUNTY COURTHOUSE
HOLLIS, OKLAHOMA 73550

Transmitted herewith is the Harmon County Treasurer Statutory Report for September 29, 2017. 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". The signature is written in a cursive style with a long, sweeping tail on the letter "s".

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



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Donna Altom, Harmon County Treasurer
Harmon County Courthouse
Hollis, Oklahoma 73550

Dear Ms. Altom:

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.

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

November 1, 2017

SCHEDULE OF FINDINGS AND RESPONSES

**Finding 2018-1 – Inadequate Internal Controls over Cash Receipts and Cash Disbursements
(Repeat Finding)**

Condition: Based on inquiry and observation of the receipting and balancing process, the County Treasurer has implemented review processes to enhance internal controls; however, there remains a weakness over the receipting and balancing processes relating to 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: The Oklahoma State Auditor & Inspector's Office (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:

County Treasurer: This is a two-person office, and there are not sufficient funds to hire a third person. 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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Finding 2018-2 – Noncompliance Regarding Resale Property Fund Financial Statement

Condition: It was noted that the County Treasurer did not prepare and file a financial statement of the Resale Property fund with the County Clerk for approval of the Board of County Commissioners on or before the 30th of June.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the Resale Property Fund financial statement is prepared and filed with the Board of County Commissioners in accordance with state statute.

Effect of Condition: This resulted in noncompliance with state statute.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the County Treasurer prepare and file a financial statement of the Resale Property fund with the County Clerk for the approval of the Board of County Commissioners on or before the 30th of June of each year to ensure compliance with O.S. § 3137(E).

Management Response:

County Treasurer: I became Treasurer in January 2017 and was not aware of this report. I will ensure compliance next fiscal year. I will prepare a report for past FY to submit and have approved by Board of County Commissioners and submit to State Auditor.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed and implemented to ensure that the financial statement of the Resale Property Fund is prepared and filed in compliance with 68 O.S. § 3137(E).



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