

STATUTORY REPORT

HARPER COUNTY TREASURER

November 5, 2013



*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

**PEGGY TILLERY, COUNTY TREASURER
HARPER COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
NOVEMBER 5, 2013**

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Oklahoma State Auditor & Inspector

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November 26, 2013

BOARD OF COUNTY COMMISSIONERS
HARPER COUNTY COURTHOUSE
BUFFALO, OKLAHOMA 73834

Transmitted herewith is the Harper County Treasurer Statutory Report for November 5, 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, appearing to read "Gary A. Jones".

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



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Peggy Tillery, Harper County Treasurer
Harper County Courthouse
Buffalo, Oklahoma 73834

Dear Ms. Tillery:

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 Harper 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

November 6, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Inadequate Controls Over the Treasurer’s Receipting Processes

Condition: Based upon observation and discussion with the County Treasurer and Deputy, the following weaknesses were noted in the County Treasurer’s office:

- The office is sometimes staffed by one person.
- The Treasurer does not formally segregate the duties of receipting, posting, and depositing daily collections.
- The Treasurer has one change drawer from which she and the Deputy make change.
- One person may be responsible for receiving, receipting, and depositing money, and reconciling bank statements.

Cause of Condition: Policies and procedures have not been implemented to segregate the duties in the two person office. Mitigating controls have not been addressed to reduce the risks associated with the limited number of staff within the office.

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, working from one cash drawer could lead to misappropriation or embezzlement of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that the 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.

Management Response: As always, some of the conditions in my office are not all easily corrected with only one deputy in the office. We have incorporated segregation of duties as suggested by your office, as best as we can with two people.

Auditor Response: Although the office is limited in staff, mitigating controls such as reviewing work of others could be implemented to reduce the risks of error and fraud. Evidence of the review should be noted with initials and dates.

**PEGGY TILLERY, COUNTY TREASURER
HARPER COUNTY, OKLAHOMA
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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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