

STATUTORY REPORT

HUGHES COUNTY TREASURER

March 29, 2013



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**DAWN LINDSEY, COUNTY TREASURER
HUGHES COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 29, 2013**

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Oklahoma State Auditor & Inspector

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July 12, 2013

BOARD OF COUNTY COMMISSIONERS
HUGHES COUNTY COURTHOUSE
HOLDENVILLE, OKLAHOMA 74848

Transmitted herewith is the Hughes County Treasurer Statutory Report for March 29, 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 that reads "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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Dawn Lindsey, Hughes County Treasurer
Hughes County Courthouse
Holdenville, Oklahoma 74848

Dear Ms. Lindsey:

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 Hughes 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

April 9, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Condition: The Treasurer has implemented some controls regarding the collections process. However, some duties have not been adequately segregated and we noted the following weaknesses:

- All employees are working from the same cash register.
- The person reconciling the bank statements can also issue receipts and void receipts.

Cause of Condition: Procedures have not been designed to adequately segregate the duties over the collections process.

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

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management implement procedures to provide a proper segregation of duties over the collections process. The employees issuing receipts should not have security levels within the IT system to void or delete receipts. Also, an employee who performs the bookkeeping/reconciling function of the office should not also issue receipts.

Management Response: In response to all employees are working from the same cash register - It was my understanding that we were allowed to have one hundred dollars (\$100.00) for our cash on hand. Therefore, we have always operated with one cash register. To ensure a method of segregation, no one person balances the daily transactions by themselves. The First Deputy totals the receipts, the Second Deputy totals the checks received and the treasurer counts the cash. We then verify that the total of checks and cash matches the total receipts for the day. We also total out the cash register and verify that it matches the total receipts and total money received. The First Deputy prepares the general deposit for the bank and it is reviewed by and taken to the bank by the Treasurer. The Second Deputy reconciles the general depository account statement and it is reviewed by the Treasurer. Since our audit, I visited with an Auditor from OSAI and now know that we are allowed to have up to fifteen hundred dollars (\$1,500.00) for cash on hand. Therefore, if the above method is not sufficient, I will make every effort to add electrical outlets and purchase additional cash registers for this office.

In response to the person reconciling the statements can also issue receipts and void receipts - At this time the Treasurer and Second Deputy are authorized to delete or correct a transaction. We have two authorized in case of an absence. However, to ensure security, the state software tracks every entry made and issues a receipt number for every entry that is posted including any deletions or corrections. An explanation of any deletion or correction is listed on Receipt Number Exception List. Every receipt number is accounted on a daily basis by the First Deputy.

Due to the number of employees in our office (3), it is sometimes difficult to segregate the duties to the extent you could with a larger staff. Therefore, every task performed in this office is reviewed by at least

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one other employee and/or the Treasurer to ensure accuracy (i.e., receipts, deposits, general ledger, reports, paid warrants, etc).

It is the goal of this office to meet the standards set forth by the Oklahoma State Auditor and Inspector's Office.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receipting collections, delivering deposit, and maintaining financial ledgers/reconciliations should be segregated.



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