

**KAY
COUNTY
TREASURER**

MAY 28, 2010

**STATUTORY
REPORT**



Oklahoma State Auditor
& Inspector

**CHRISTY KENNEDY, COUNTY TREASURER
KAY COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 28, 2010**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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September 1, 2010

BOARD OF COUNTY COMMISSIONERS
KAY COUNTY COURTHOUSE
NEWKIRK, OKLAHOMA 74647

Transmitted herewith is the Kay County Treasurer Statutory Report for May 28, 2010. The engagement was conducted in accordance with 74 O.S. § 212.

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 "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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Christy Kennedy, County Treasurer
Kay County Courthouse
Newkirk, Oklahoma 74647

Dear Ms. Kennedy:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for May 28, 2010:

- Review bank reconciliations, visually verify certificates of deposit, and confirm investments.
- Determine whether subsidiary records reconcile to the general ledger.
- Review pledged collateral securing deposits and invested funds.

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 general-purpose financial statements of Kay County.

Based on the above reconciliations, visual verification, and confirmation procedures performed, the cash and investments of the County are supported by accounting and bank records and are adequately secured to prevent loss in the event of a bank failure. However, we noted a matter of segregation of duties with respect to vouchers, and our finding is presented in the accompanying schedule of findings and responses.

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.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

August 17, 2010

**CHRISTY KENNEDY, COUNTY TREASURER
KAY COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MAY 28, 2010**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2010-1 – 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 assets, and record transactions.

Condition: We noted an instance in which a single person is responsible for calculating vouchers, reviewing vouchers, preparing vouchers, signing vouchers, posting vouchers, and distributing vouchers.

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. 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: The employee does not sign any voucher for our office anymore. It is signed by myself, the first deputy, or if we are not available the second deputy.



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