

STATUTORY REPORT

KINGFISHER COUNTY TREASURER

March 5, 2013



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

**KAREN MUEGGENBORG, COUNTY TREASURER
KINGFISHER COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 5, 2013**

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Oklahoma State Auditor & Inspector

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April 9, 2013

BOARD OF COUNTY COMMISSIONERS
KINGFISHER COUNTY COURTHOUSE
KINGFISHER, OKLAHOMA 73750

Transmitted herewith is the Kingfisher County Treasurer Statutory Report for March 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", is written over a horizontal line.

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



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Karen Mueggenborg, Kingfisher County Treasurer
Kingfisher County Courthouse
Kingfisher, Oklahoma 73750

Dear Ms. Mueggenborg:

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 Kingfisher 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

March 6, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1— Segregation of Duties

Condition: The County Treasurer’s office has three deputies. Some procedures for segregating the duties of receipting, posting, and depositing daily collections have been established to designate a deputy for each duty. However, in the absence of one person from the office, one person may be responsible for receiving, receipting, and depositing money. Additionally, during the tax collection months, all deputies will issue receipts and one deputy may post receipts and makes deposits.

Cause of Condition: Concentration of duties occurs when one person is absent from the office. Complete segregation of duties as established by the office for issuing receipts, preparing deposits, depositing at the bank, recording and generating reports is not possible at those times.

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

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. 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: Since the last audit, we have changed duties to help segregate with the three deputies. One deputy was doing the general ledger and the daily report, and also writing receipts. We have changed that duty to allow another deputy to perform the duties associated with the general ledger and daily reports. The other deputy posts the miscellaneous receipts. The daily reports are prepared by the third deputy and the Treasurer balances them to the other reports and receipts. The Treasurer takes the deposits to the bank. Each deputy and the Treasurer have cash drawers assigned to them. Each employee balances their cash drawer at the end of the day. After they balance, then one deputy is responsible for balancing all drawers and preparing the deposit for the bank.

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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Finding 2013-2— Inadequate Pledged Collateral

Condition: In our review, it was noted the balance remaining after the sweep accounts were deducted from the General Bank Account, held at a local bank, was more than the collateral pledged by the bank, as of March 5, 2013.

General Account Bank Balance	Bank Sweeps	Balance To Be Collateralized	Pledged Collateral	FDIC	Total FDIC and Collateral	Variance Unsecured
\$3,984,833.83	(\$1,264,234.08)	\$2,561,204.88	\$2,148,397.16	\$250,000.00	\$2,398,397.16	\$162,807.72

Cause of Condition: The balance remaining in the account after the “sweep” was not monitored daily to ensure the pledged collateral was adequate to secure all monies remaining in the account.

Effect of Condition: The County’s General Bank Account appears to be inadequately pledged in the amount of \$162,807.72.

Recommendation: OSAI recommends the County Treasurer monitor the amounts remaining in the sweep accounts for both General and Official Depository Bank Accounts.

Management Response: More collateral has been put in place. The account is being monitored more adequately.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process designed to provide reasonable assurance regarding the prevention or timely detection of unauthorized transactions and safeguarding assets.



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