

STATUTORY REPORT

KIOWA COUNTY TREASURER

August 31, 2016



*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

**DEANNA MILLER, COUNTY TREASURER
KIOWA COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
AUGUST 31, 2016**

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Oklahoma State Auditor & Inspector

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October 31, 2016

BOARD OF COUNTY COMMISSIONERS
KIOWA COUNTY COURTHOUSE
HOBART, OKLAHOMA 73651

Transmitted herewith is the Kiowa County Treasurer Statutory Report for August 31, 2016. 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 fluid and cursive, with the first name "Gary" being the most prominent.

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



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Deanna Miller, Kiowa County Treasurer
Kiowa County Courthouse
Hobart, Oklahoma 73651

Dear Ms. Miller:

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 Kiowa 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 that reads "Gary A. Jones". The signature is fluid and cursive.

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

October 26, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1 - Cash on Hand Balances

Condition: The County Treasurer's office had listed on the general ledger a total of \$200.00 cash on hand for the office. However, cash counts performed in all offices totaled \$450.00. The County Clerk had \$100.00, the County Assessor had \$50.00, and the Health Department had \$100.00 in the change funds for each office that was not reported on the Treasurer's general ledger.

Cause of Condition: The total cash on hand in each office has not been updated each year to reflect the amount actually held in each office.

Effect of Condition: This condition resulted in unrecorded transactions and misstated financial reports.

Recommendation: The Oklahoma State Auditor and Inspector (OSAI) recommends management be aware of this condition, and on a yearly basis have each office report to the Treasurer the total cash in each office. The most effective controls lie in management's overseeing of office operations and a periodic review of operations.

Management Response:

County Treasurer: Each office will be requested to advise the Treasurer's office of any cash fund increases or decreases and will be asked to notify the Treasurer's office of cash funds on hand at the beginning of each fiscal year and of any increases or decreases thereafter.

County Assessor: We will work to notify the County Treasurer on a yearly basis of the cash funds on hand in the office.

County Clerk: We will work to notify the County Treasurer on a yearly basis of the cash funds on hand in the office.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, total cash held in each office should be recorded on the Treasurer's books.

Finding 2017-2 - Inadequate Internal Controls and Noncompliance Over Pledged Collateral

Condition: Based upon inquiry and observation of records, we noted as of August 31, 2016, County funds were not adequately secured at one financial institution in the amount of \$18,735.48.

Cause of Condition: Procedures to monitor adequate securities on a daily basis have not been designed by the County Treasurer.

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Effect of Condition: These conditions resulted in unsecured county funds and noncompliance with state statute. Further, this condition could result in possible loss of county funds.

Recommendation: OSAI recommends that the County Treasurer comply with 62 O.S. § 517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments. Further, OSAI recommends the County Treasurer monitor and maintain evidence documenting the security of county deposits on a daily basis.

Management Response:

County Treasurer: We will work to make sure bank balances are checked daily to ensure adequate pledged securities.

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, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions, and safeguarding assets from misappropriation.

Further, effective internal controls require that monitoring pledged securities be performed on a daily basis to ensure compliance with 62 O.S. § 517.4.



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