

STATUTORY REPORT

LATIMER COUNTY TREASURER

April 30, 2013



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

**DELANA MOON, COUNTY TREASURER
LATIMER COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 30, 2013**

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Oklahoma State Auditor & Inspector

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August 29, 2013

BOARD OF COUNTY COMMISSIONERS
LATIMER COUNTY COURTHOUSE
WILBURTON, OKLAHOMA 74578

Transmitted herewith is the Latimer County Treasurer Statutory Report for April 30, 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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Delana Moon, Latimer County Treasurer
Latimer County Courthouse
Wilburton, Oklahoma 74578

Dear Ms. Moon:

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 Latimer 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".

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

May 8, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Segregation of Duties

Condition: The County Treasurer’s office has two deputies. The Treasurer has made an attempt to segregate the duties of receipting, posting, and depositing daily collections; however, in the absence of a deputy, the same person may collect funds, issue receipts, perform reconciliations on collections, and prepare deposits. When possible, the deposits are prepared by one deputy and reviewed by the other deputy. Also, deputies work out of one cash drawer.

Cause of Condition: The office has limited funds for additional staffing of the office.

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: Because of the limited number of personnel in my office, we are unable to fully segregate the duties in this office at all times. However, when someone is absent, the two present split the duties the best they can so that the same person isn’t issuing all the receipts and preparing deposits.

Due to limited amount of space we have, I do not think separate cash drawers are a feasible solution. We have discussed different options such as locked money bags. I feel this could possibly be a bigger liability than all of us working out of the same cash drawer especially during our busy tax times because of the potential of walking off and leaving the bag on the counter or laying it down where someone has the potential of taking it.

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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