

STATUTORY REPORT

LEFLORE COUNTY TREASURER

April 30, 2013



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

**JOE WILES, COUNTY TREASURER
LEFLORE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
APRIL 30, 2013**

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Oklahoma State Auditor & Inspector

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October 11, 2013

BOARD OF COUNTY COMMISSIONERS
LEFLORE COUNTY COURTHOUSE
POTEAU, OKLAHOMA 74953

Transmitted herewith is the LeFlore 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, appearing to read "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

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Joe Wiles, LeFlore County Treasurer
LeFlore County Courthouse
Poteau, Oklahoma 74953

Dear Mr. Wiles:

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 LeFlore 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

June 13, 2013

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Subsidiary Ledgers

Condition: During our examination of the subsidiary ledgers, the following exceptions were noted:

- Reconciliation was not performed between the general ledger and official depository ledger. An unidentified variance of \$15.63 was noted plus a negative variance of \$915.00.
- Reconciliation was not performed between the general ledger and municipal ledger. An unidentified variance of \$1,848.42 was noted.
- Reconciliation was not performed between the general ledger and independent school district ledger. An unidentified variance of negative 19,280.36 was noted.
- Reconciliation was not performed between the general ledger and joint school district ledger. An unidentified variance of \$169.21 was noted.

Cause of Condition: Procedures have not been designed to monitor and reconcile subsidiary accounts to the general ledger.

Effect of Condition: This condition could result in incomplete and inaccurate amounts being reported on the general and subsidiary ledgers.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the official depository, municipal and school subsidiary ledgers be maintained and reconciled to the general ledger on a monthly basis.

Management Response: We are currently investigating the subsidiary ledger findings that you reported to my office. From this day forward, my office will actively maintain and reconcile the mentioned subsidiary accounts on a monthly basis.

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as maintaining subsidiary ledgers and reconciling them to the general ledger, are deficiencies in internal control.

Finding 2013-2—Segregation of Duties

Condition: The County Treasurer's office has two employees who have IT access to issue receipts, void receipts, and make adjustments. These two employees also perform bookkeeping duties, perform

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reconciliations, and deliver deposits to the bank. No one other than the preparer reviews the reconciliations for accuracy.

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

Effect of Condition: These conditions could result in undetected errors, unrecorded transactions, misstated financial statements, 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. Further, 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: Our office is cross-training daily to make sure that the accounting, key duties, and responsibilities are segregated.

Auditor Response: Duties are not currently segregated regarding the collections process.

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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