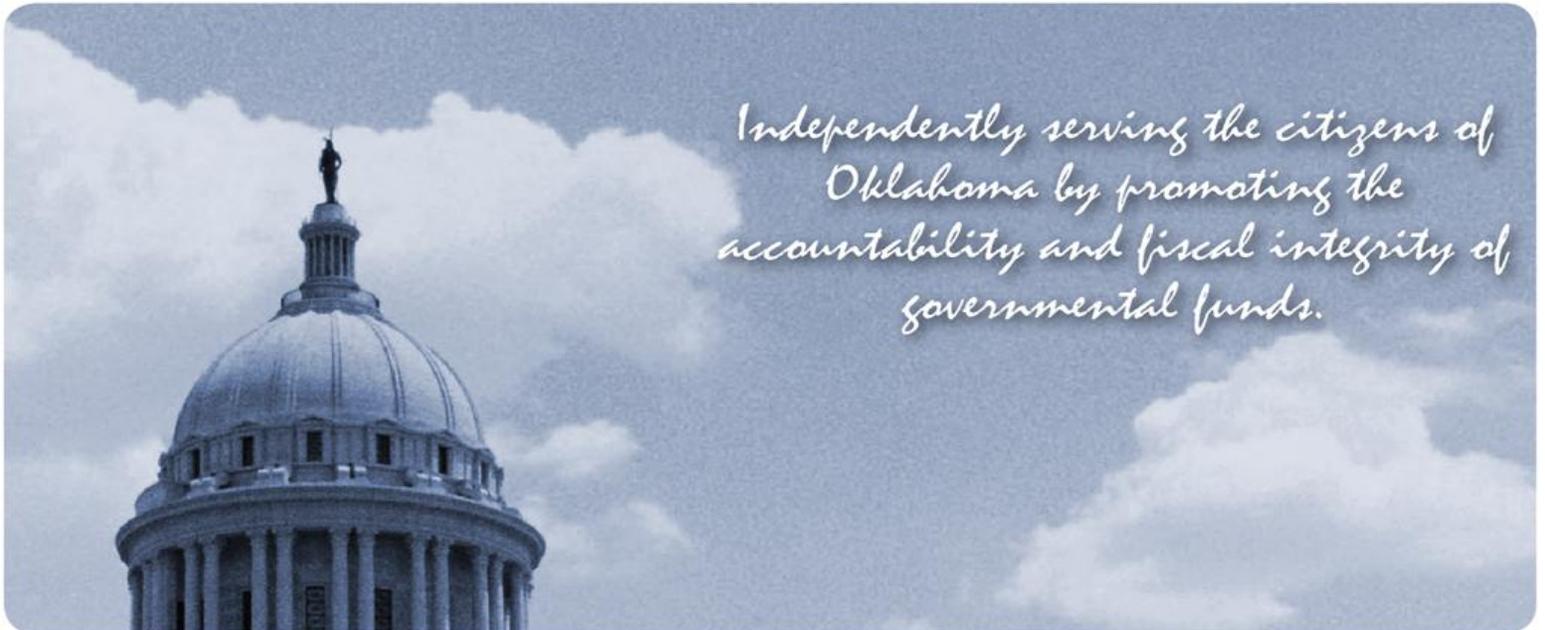


STATUTORY REPORT

LEFLORE COUNTY TREASURER

August 29, 2014



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

**JOE WILES, COUNTY TREASURER
LEFLORE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
AUGUST 29, 2014**

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Oklahoma State Auditor & Inspector

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July 8, 2015

BOARD OF COUNTY COMMISSIONERS
LEFLORE COUNTY COURTHOUSE
POTEAU, OKLAHOMA 74953

Transmitted herewith is the LeFlore County Treasurer Statutory Report for August 29, 2014. 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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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

April 7, 2015

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Bank reconciliations are not being performed correctly

Condition: Reconciliations of the general bank account to the general ledger is performed monthly. Reconciliation of the official bank account to the official depository ledger is performed monthly. However, variances exist as follows.

- Reconciliations were performed between the general bank account and the general ledger; however, an unidentified variance of -\$661.34 was noted.
 - ACH payments deposited to the general bank account for which the County Treasurer’s office does not know the intended recipient, the payment is not receipted and is considered an ongoing reconciling item until claimed.
 - The outstanding warrants report for the general ledger lists warrants dated back to fiscal year 1998.
- Reconciliations were performed between the official bank account and the official depository ledger. An unidentified variance of -\$958.28 was noted.
 - The outstanding vouchers report for the official depository ledger lists vouchers dated back to fiscal year 2006.
- The County Treasurer’s reconciliations performed for the general and official depository accounts do not show variances but rather list variances as unknown transactions.
- For both the general and official depository accounts, interest received in the bank accounts is not being timely recorded in the corresponding ledgers.
- The Treasurer’s reconciliations do not show a preparer’s signature and date or a reviewer’s signature and date.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure a true and accurate monthly reconciliation occurs between the general and official depository ledgers and the corresponding bank accounts.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, or clerical errors that are not detected in a timely manner.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the following:

- General and official depository ledgers should be reconciled consistently throughout the month to ensure that the monthly reconciliations are complete and accurate at the end of each month.
- All deposits to the general or official depository bank accounts should be receipted in the month received.
- Vouchers and warrants which have not been presented by payee within one year of issuance date should be cancelled by the County Treasurer.

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- All reconciliations should be signed and dated by the preparer and the reviewer.

Management Response: Due to the exceptional number of credit card payments now being collected by the District Attorney and Court Clerk, it has become difficult to balance with the banks as these deposits may or may not hit the bank before, on or after the last business day of each month. We are in the process of developing a system to balance to the general ledger with the bank daily versus monthly. We will also discuss cancelling all old outstanding warrants with the County Clerk office to determine the necessary steps to ensure each office has a true and correct accounting of each fund involved.

Criteria: Safeguarding controls are an aspect of internal controls. 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 reconciliations not prepared or timely prepared, are deficiencies in internal control.

Title 62 O.S. § 488 states in part:

No check issued or voucher registered by the treasurer of any county in this state shall be honored by the bank on which it is drawn or by his registration made payable if not presented within a reasonable time under the circumstances, or in any event unless presented within one (1) year of the date of issue.

Title 62 O.S. § 482 states in part:

From and after the passage of this act, without regard to the time when funds may be collected and are available to pay the same, any and all warrants issued in payment of obligations of counties, townships, cities, towns and other municipal subdivisions or corporations of this state, shall as to time of payment, become due one (1) year after the close of the fiscal year for which the same was issued, and action thereon may be commenced in any court of competent jurisdiction to enforce the liability evidenced thereby.

Finding 2015-2 – Subsidiary Ledgers (Repeat Finding)

Condition: Reconciliations between the general ledger and subsidiary ledgers are not performed on a regular basis. The following exceptions were noted:

- Reconciliations were not performed between the general ledger and the official depository ledger. An unidentified variance of \$0.06 was identified.
- Reconciliation was not performed between the general ledger and school district joint account. An unidentified variance of -\$264.80 was identified.

Additionally, the subsidiary ledgers are not being maintained on an ongoing basis.

- The County Treasurer’s outstanding warrants list for subsidiary ledgers showed warrants dating back to fiscal year 1998.

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- The Treasurer’s outstanding warrants list included warrants from fiscal year 2011 and 2012, which had cleared the general bank account.
- The beginning balances of municipal and independent schools subsidiary ledgers were negative prior to appropriations.

Cause of Condition: This is a repeat finding included in the prior three years reports and subsequently procedures were not designed and implemented 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: 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: After months of discussion, tests, trials and monitoring with the County Clerk’s office, we have started registering subsidiary account warrants by hand versus automatically from the disk that the County Clerk delivers to our office each week to register warrants. This action has corrected the “computer glitch” issue that has been determined to be the problem. Ledgers are now being maintained and reconciled on a monthly basis.

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relates 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 controls.



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